DOCUMENT RESUME

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IDENTIFIERS	Family Education Loan Program; Federal Direct Student Loan Program; *Higher Education Act Title IV; Pell Grant Program

ABSTRACT

This workbook for financial aid administrators was intended for use at a four-day workshop and provides information and detailed instructions on how to apply for and document applications for student financial assistance. Each section first outlines some basic rules and timetables and then uses a questions-and-answer format and sample documents to guide users through the process. Sections include: (1) an introduction and overview that provide some background information on the Title IV programs; (2) a section covering student eligibility and obtaining student financial aid histories; (3) information collected on the Free Application for Federal Student Aid (FAFSA) and other output documents; (4) calculating the amount of student aid, including calculations for cost of attendance, expected family contribution, and student need; (5) communicating with students and families; (6) verification, updating, and correcting; (7) institutional eligibility and financial responsibility, cash management rules, and demonstrating school administrative capability; (8) electronic processing; (9) precertification, and overawards and overpayments; (10) Pell grants; (11) campus-based programs; (12) direct loans and Federal Family Education Loans (FFELs); (13) refunds and repayments; and (14) using professional judgment. Appendices include: a list of acronyms, a glossary, a resource list, and reproductions of overhead slides used in the sessions. (CH)

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Basic Training Materials

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1999-2000 participant's workbook

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Agenda

Day 1

Session 1: Introduction and Overview

Session 2: Student Eligibility

Session 3: FAFSAs and Output Documents

Session 4: How Much Aid Can the Student Get?

Session 5: Communicating with Students and Families
(Precertification - CEO Session)

Day 2

Session 6: Verification

Session 7: Your School and the Funds

Session 8: Electronic Processing

Session 9: Extra Practice
(Precertification - Overawards & Overpayments)

Agenda (cont'd)

Day 3

Session 10(a): Pell Grants (Definitions & Formulas)

Session 10(b,c): Calculating Pell Grants

Session 11: Campus-Based Programs

Session 12: Loans, Loans, Loans

Day 4

Session 13(a): Refunds & Repayments - Definitions

Session 13(b): Calculating Refunds & Repayments

Session 14: Professional Judgment

Session 1

Introduction & Overview

Questions we will answer during this session:

How is the Participant's Workbook set up?

What are the main goals of the workshop?

How did all of this get started?

What should you know about the Title IV programs?

What are Federal Registers and Dear Colleague Letters and where can you get them?

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How is the Participant's Workbook set up?

Case Studies

✓ Checkpoints

Answers

Essential Resources for FAAs:
(Call 1-800-4FED-AID for single copies; see p. 19 for bulk orders)

- ✓ ***A Guide to 1999-2000 SARs and ISIRs***
- ✓ ***The 1999-00 Federal Student Financial Aid Handbook***
- ✓ **The 1999-00 Free Application for Federal Student Aid**
- ✓ **The Spanish FAFSA**
- ✓ ***The 1999-00 Student Guide***

How did all of this get started?

MILESTONES for the U.S. DEPARTMENT OF EDUCATION and STUDENT FINANCIAL AID

Morrill Act of 1862	Encouraged states to establish public universities by providing Federal land and financial support.
1867	Department of Education was created.
1944	Government funding of Higher Education began with the passage of the Servicemen's Readjustment Act or G.I. Bill.
October 4, 1957	U.S.S.R. launch of first space satellite triggered the development of Title IV student aid programs.
National Defense Education Act of 1958	National Defense Student Loan (NDSL) program began as a result.
1964	College Work-Study (CWS) program began for financially needy students as a result of the Economic Opportunity Act of 1964.
Higher Education Act of 1965	Reauthorized existing student aid programs. Educational Opportunity Grant (EOG) program, the first grant program, was initiated. Guaranteed Student Loan (GSL) program was also established. Administrative authority for these programs was placed under the Department of Health, Education, and Welfare (DHEW).
Higher Education Amendments of 1972	National Defense Student Loan was renamed National Direct Student Loan (NDSL) program. Educational Opportunity Grant became the Supplemental Educational Opportunity Grant (SEOG). Basic Educational Opportunity Grant (BEOG) began as a new grant. Reauthorized CWS program - extended GSL program. State Student Incentive Grant (SSIG) program was created. Proprietary institutions were permitted to participate in all of the Title IV student aid programs.

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Higher Education Amendments of 1976	All existing programs were reauthorized. Requirement for satisfactory academic progress was introduced.
Middle Income Student Assistance Act of 1978	Basic Grant eligibility was expanded. GSL program income ceiling that had restricted eligibility was lifted.
Higher Education Amendments of 1980	All Title IV programs were reauthorized. Parent Loans for Undergraduate Students (PLUS) was created. Basic Grant renamed Pell Grant program in honor of the prime sponsor of the program, Senator Claiborne Pell.
May 4, 1980	U.S. Department of Education was established.
Omnibus Budget Reconciliation Act of 1981	Reduced funding for student financial aid. PLUS renamed Auxiliary Loans to Assist Students (ALAS).
Defense Authorization Acts of 1982 and 1983	Tied aid eligibility for males born on or after January 1, 1960 to Selective Service registration.
Technical Amendments of 1982, 1983, and 1984	Established the annual Pell Grant cost of attendance and award maximums, defined the independent student, and prescribed information that institutions must disclose to student loan recipients.
Consolidated Omnibus Reconciliation Act (COBRA) of 1985	Signed on April 7, 1986 made major changes in the Title IV programs. Some of these changes include: •requirement that all undergraduate GSL applicants have their eligibility or ineligibility for a Pell Grant determined prior to their receipt of GSL loan proceeds for the award year, •revised definition of default for GSL and PLUS loans, •restriction on the receipt of any Title IV funds by students who were in default on a Title IV loan or owe an overpayment on a Title IV grant, and •requirement that GSL and PLUS loans be disbursed in multiple payments.
Higher Education Amendments of 1986 and the Technical Amendments of 1987	Signed into law on October 17, 1986 made major changes to the Title IV student aid programs. Some of the most significant changes resulting from this legislation included: •introduction of master calendar for certain functions of the Department of Education,

- new Title IV standards for dependency status and for satisfactory academic progress,
- changed ability-to-benefit provisions,
- two need analysis methodologies incorporated into law,
- a Simplified Needs Test established,
- new time limits on the duration of student eligibility for a Pell Grant,
- renaming of the NDSL program as the Perkins Loan program,
- new selection criteria for the Perkins Loan and SEOG programs.,
- new loan program called the Supplemental Loans for Students (SLS) began,
- pilot testing of a new loan program called the Income Contingent Loan (ICL) program, and
- expansion of the areas in which aid administrators may use professional judgement.

Higher Education Amendments of 1988

Signed into law in 1988. Guaranteed Student Loan (GSL) program was renamed the Stafford Loan program. SLS loans certified after August 17, 1988 the borrower must have received a determination of eligibility for a Pell grant and a determination of need for a Stafford Loan, and SLS loans made after October 1, 1988 must be disbursed in multiple payments.

Omnibus Budget Reconciliation Act of 1989

General Provisions:

- Amended to clarify that financial aid administrators may use professional judgment in determining financial aid award only on a case-by-case basis and not adjust award amounts for groups of students.
- An institution cannot be certified or recertified as eligible if it has lost its accreditation during the preceding 24 months, unless the accreditation has been restored or the institution demonstrates its academic integrity.
- If an institution of higher education is in the process of receiving new accreditation or changing its accrediting agency, its accreditation will not be recognized (for the purpose of eligibility or Pell Grant, CB, ICL or SSIG) unless the institution submits all materials related to the prior accreditation.
- In order to be eligible for any program other than SSIG or Byrd Scholarships, an institution that admits students on the basis of their ability to benefit must make available to these students a high school equivalency program.

Omnibus Budget Reconciliation Act of 1990

General Provisions: A student admitted on the basis of ability to benefit must pass an independently administered test.

Guaranteed Student Loan Programs: Schools will be ineligible for the GSL program if their default rate is 35% or higher (30% or higher for FY 93 and beyond.)

Higher Education Technical Amendments of 1991

Desert Storm:
•defines "individual serving on active duty in connection with Operation Desert Shield or Operation Desert Storm."
•Schools should give full refunds to those on active duty for Desert Shield or Storm.
•some reservists qualify for "special conditions."
•administrative requirements related to loans should be reduced as much as possible.
•adjusts GSL deferments for reservists.
•extends deferments for Perkins or NDSL loans, and
•incomplete periods of instruction won't be counted for determining length of Pell Grant eligibility.
General Provisions:
• "ability-to-benefit" testing provision changed from institutional eligibility to student eligibility requirement, and
•eliminates statute of limitations on collections of loans or overpayments of other aid.
Guaranteed Student Loan Program:
Schools can refuse to certify loan applications, or certify for a smaller loan, if they document the reason and provide it to the student in writing.

Higher Education Amendments of 1992

Reauthorized the programs for six years. Established Federal Direct Loan Demonstration Program, under which ED would assume lender and guarantor functions. Added Program Integrity Provisions.
Made many changes to the programs including:
•replacing the two need analysis formulas with a single formula,
•revising the definition of independent student,
•requiring a single free stand-alone application for federal aid,
•establishing unsubsidized Stafford loan program,
•requiring lenders to offer graduated or cancellation of loan if school closed,
•requiring all guaranty agencies to have loan

	rehabilitation program, and •requiring ED to develop common loan forms.
ICL Program	Program ended March 31, 1993.
Omnibus Budget Reconciliation Act of 1993	General Provisions: The Omnibus Budget Reconciliation Act of 1993 was signed into law by President Clinton on August 10, 1993. Numerous changes affecting the Federal Family Education Loan (FFEL) Program under Title IV, Part B of the Higher Education Act of 1965, as amended (HEA), were made by this legislation. The new law also established requirements for transition of the FFEL Program to the Federal Direct Student Loan (FDSL) Program.
Balanced Budget Act of 1997	Eliminated the $10 loan origination fee paid to Direct Loan institutions, •reduced funding for the Department's Direct Loan program administration, and •authorized the recovery of excess guaranty agency reserves.
Taxpayer Relief Act (1997)	•HOPE Scholarship tax credit (up to $1500) for each of the first two years of college, •Lifetime Learning tax credit equal to 20% of the first $5000 of tuition and fees, •Tax deduction for interest paid on student loans, •Education IRAs for tax-free savings for college, •Penalty-free withdrawals from existing IRAs for higher education expenses, •Greater flexibility for families saving in qualified State pre-paid tuition plans, •Income exclusion for up to $5250 in employer education benefits, and •Tax-free loan forgiveness for community service.
Higher Education Amendments of 1998	Signed into law on October 7, 1998 made changes to the Title IV student aid programs.

What should you know about the Title IV Programs?

Title IV Programs

Title IV Program	Description	Law (HEA)	Regulations	1999-00 FSFA Handbook
Federal Pell Grant	Grants for financially needy undergraduate students who have not earned bachelor's degrees or a first professional degree.	Part A	Part 690	Federal Pell Grant Program Reference
Federal Supplemental Educational Opportunity Grant (FSEOG)	Grants for undergraduate students with "exceptional financial need." (Federal Pell Grant recipients with lowest EFCs)	Part A	Part 676	Campus-Based Programs Reference
Federal Work-Study (FWS)	Self-help program that provides on-campus and off-campus employment to eligible undergraduate and graduate students.	Part C	Part 675	Campus-Based Programs Reference
Federal Perkins Loan	Low-interest loans for financially needy undergraduate and graduate/professional students.	Part E	Part 674	Campus-Based Programs Reference
Federal Direct Subsidized Loan	Loans to help financially needy graduates and undergraduates; interest subsidized by federal government; made by federal government.	Part D	Part 685	Direct Loan and FFEL Programs Reference
Federal Direct Unsubsidized Loan	Loan funds without interest subsidies for graduate and undergraduate students; made by federal government.	Part D	Part 685	Direct Loan and FFEL Programs Reference
Federal Direct PLUS Loan	Loans to parents for college expenses of their dependent undergraduate children; made by federal government.	Part D	Part 685	Direct Loan and FFEL Programs Reference
Federal Subsidized Loan	Low-interest loans to help financially needy students; from lenders, guaranteed and interest subsidized by federal government.	Part B	Part 682	Direct Loan and FFEL Programs Reference
Federal Unsubsidized Loan	Loan funds without interest subsidies for undergraduate and graduate students; from lenders, guaranteed by federal government.	Part B	Part 682	Direct Loan and FFEL Programs Reference
Federal PLUS Loan	Loans to parents for college expenses of their dependent undergraduate children; from lenders, guaranteed by federal government.	Part B	Part 682	Direct Loan and FFEL Programs Reference

Title IV Programs Summary

Title IV Program	Type of Aid	Application Required	Award/Loan Determination	Aid Recipient	Award/Loan Limits	Need Analysis	Disbursement/ Repayment
Federal Pell Grant	Gift Aid	FAFSA	Specified in ED's annual payment and disbursement schedule	Only undergraduates	$3,125 1999-00	Based on need	School acts as ED's agent to disburse No repayment
Campus-Based Aid Programs							
FSEOG	Gift Aid	FAFSA	School's financial aid policy and available funds	Only undergraduates, with priority given to Pell Grant recipients	$4,000 a year except in case of study abroad, where up to $400 more a year is allowed	Based on need	The school disburses funds to students No repayment
FWS	Self-Help Aid			Undergraduate or graduate/professional students	No annual award maximum		School disburses earned funds to students at least monthly No repayment
Federal Perkins Loan					$4,000 a year for undergraduates and $6,000 a year for graduate/professional students		School disburses funds to students Repayment required
Direct Loan and FFEL Programs							
Subsidized Loan	Self-Help Aid	**Direct Loan:** FAFSA only **FFEL:** FAFSA and FFEL common application	A student's subsidized loan added to the EFC and other EFA cannot exceed COA	Undergraduates or graduate/ professional students	From $2,625 to $18,500, depending on grade level	Based on need	**Direct Loan Program:** ED disburses to school, school disburses funds to student. Repayment required. **FFEL Program:** Lender disburses, school delivers funds. Repayment required.
Unsubsidized Loan			The student's unsubsidized loan added to other EFA cannot exceed COA			Not based on need	
PLUS Loan		PLUS Loan application	The parent's PLUS Loan added to the student's other EFA cannot exceed student's COA	Parents of dependent undergraduates	No cap, but when added to student's other EFA cannot exceed student's COA		

Checkpoint #1 – What Am I?

Clue #1

I am a campus-based program, which means I'm directly administered by the financial aid office at each participating school. I am considered gift aid for undergraduates. I haven't changed too much in the 34 years I've been around. I have helped a lot of needy students over the years. What am I?

Answer____

Clue #2

I am a loan program that benefits undergraduate dependent students. Repayment of my loan begins while the student is still in school. There is no grace period. I began in 1980. A lot of students (and parents) are glad I'm around. What am I?

Answer____

Clue #3

I am the oldest of all the programs. In fact, I am 41 years old this year. I have had several different names over the years. I am a low-interest loan program for both undergraduate and graduate students with exceptional financial need. You have a nine-month grace period after you graduate, leave school, or drop below half-time status before you must begin repayment. What am I?

Answer____

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Clue #4

I am a program that is probably the most recognized and most used (at least for financially needy students). I am popular because I am a grant or gift aid program for undergraduates, so the student doesn't have to pay me back. Since there are limited funds, a central processor determines each student's eligibility based on annual guidelines set by Congress and the U.S. Department of Education. I became known as the "portable" grant because eligible students could take their student aid reports to any participating institution for payment. What am I?

Answer ______________________________

Clue #5

I am considered self-help aid because after the student leaves school, the student has to repay the funds. Unlike the newer loan program, private lenders (such as banks and credit unions) disburse student loan proceeds to the school. The school then delivers the funds to the students. What am I?

Answer ______________________________

Authorization:

Reauthorization:

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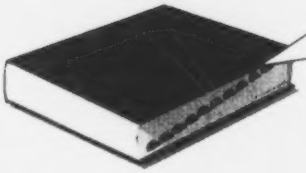

Title IV: Federal student aid programs that are legally authorized by Congress in the Higher Education Act (HEA) of 1965, as amended.

What are Federal Registers and Dear Colleague Letters and where can I get them?

Federal Registers are issued to inform the public of certain regulatory actions that are to take place.

They allow schools to:

- participate in the legislative, regulatory, and policymaking processes, and
- act in accordance with laws, regulations, and policies.

Dear Colleague Letters:

- explain new regulations to the financial aid community
- clarify current regulations
- announce training and conferences
- provide systems information

You can obtain Federal Registers and Dear Colleague Letters from ED's website at http://ifap.ed.gov

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federal register

Thursday
October 1, 1998

Part V

Department of Education

34 CFR Part 675
Federal Work-Study Programs; Final Rule

DEPARTMENT OF EDUCATION

34 CFR Part 675

RIN 1840–AC56

Federal Work-Study Programs

AGENCY: Office of Postsecondary Education, Department of Education.

ACTION: Final regulations.

SUMMARY: The Secretary amends the regulations governing the Federal Work-Study (FWS) Program authorized under title IV of the Higher Education Act of 1965, as amended (title IV, HEA programs). The Secretary makes these changes in response to the national need to improve student achievement in mathematics by providing for an additional waiver of the FWS institutional-share requirement for mathematics tutors of children who are in elementary school through the ninth grade.

EFFECTIVE DATE: These regulations take effect on July 1, 1999.

FOR FURTHER INFORMATION CONTACT: Kathy S. Gause, U.S. Department of Education, 600 Independence Avenue, S.W., Regional Office Building 3, Room 3045, Washington, DC 20202–5447. Telephone: (202) 708–8242. Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339 between 8 a.m. and 8 p.m., Eastern time, Monday through Friday.

Individuals with disabilities may obtain this document in an alternate format (e.g., Braille, large print, audiotape, or computer diskette) on request to the contact person listed in the preceding paragraph.

SUPPLEMENTARY INFORMATION:

Part 675—Federal Work-Study Programs

The Secretary is providing for an additional waiver of the FWS institutional-share requirement in § 675.26. The Secretary will authorize a Federal share of 100 percent of the compensation earned by a student during an award year if both of the following criteria are met:

1. The work performed by the student is for the institution itself, for a Federal, State, or local public agency, or for a private nonprofit organization.

2. The student is employed as a mathematics tutor for children who are in elementary school through the ninth grade.

This regulatory change will provide an institution with additional flexibility necessary to respond to the national need to improve student achievement in mathematics. Student achievement in mathematics in the United States is not at an internationally competitive level. Thirty-six percent of fourth graders and 38 percent of eighth graders score below the basic level in mathematics. The recent Third International Math and Science Study shows that, while U.S. students perform above the international average in mathematics at the fourth-grade level, by the eighth grade, relative performance is below the international average.

The President has issued a challenge to public officials, business leaders, professional organizations, institutions of higher education, teachers, parents, and students to take the steps necessary to improve student achievement in mathematics in order to prepare our students and the Nation for the twenty-first century. This challenge seeks to mobilize resources to ensure that all students are prepared to pursue rigorous high school mathematics and science courses that prepare them for college and careers. A mastery of mathematics, including a strong foundation in algebra and geometry, is a gateway to college and the job market.

One important step to improving student achievement in mathematics is to ensure that students who need it get support and activities that reinforce the classroom experience and convey the importance of acquiring a solid foundation in mathematics. The tutoring of children who are in elementary school through the ninth grade in mathematics can build a firm foundation for success throughout their lives. This investment in our youth is an investment in this country's future. The efforts associated with this new waiver for mathematics tutors of children, including the preparation of the FWS students as tutors, are justified by the benefits of preparing children to compete in the global economy and ensuring our Nation's economic growth.

This new waiver builds on the success of the "America Reads Challenge." Effective with the 1997–98 award year, the Secretary waived the FWS institutional-share requirement for reading tutors of children from infancy through elementary school. *See* 61 FR 60392 (November 27, 1996). That waiver provided institutions with the flexibility necessary to respond to the "America Reads Challenge," which is mobilizing resources to ensure that all children can read independently and well by the end of the third grade. The Secretary is pleased with the overwhelming response to that reading initiative. Over one thousand institutions have joined the "America Reads Challenge" by committing FWS students to tutor young children in reading. A diverse array of institutions, representing all types of students, made the commitment to tutor children in their communities. The "America Reads Challenge" is helping thousands of children learn to read. The FWS students not only help children read better by giving them extra learning time, they also build confidence, boost motivation, and send each child an important message: that reading counts!

Effective with the 1998–99 award year, the Secretary added a waiver of the institutional-share requirement under the FWS Program for students employed as tutors in a family literacy program that provides literacy services to children from infancy through elementary school or to their parents or caregivers. *See* 62 FR 63438 (November 28, 1997). This waiver for tutors working in family literacy programs is based on research that shows that children whose parents work with them on literacy skills during early childhood have a better chance of reading well and independently.

This new waiver for mathematics tutors will help ensure that students have a solid foundation in mathematics as they enter high school. The Department, in a 1997 report entitled "Mathematics Equals Opportunity," noted that low-income students who take algebra and geometry are almost three times as likely to attend college as those who do not. Although taking algebra by the eighth grade is a gateway to college preparatory courses, only 15 percent of low-income students enroll in algebra by the eighth grade. Mathematics tutors working with students who are in elementary school through the ninth grade can be one component of an institution's efforts to get students on the track to college.

The Secretary strongly encourages all institutions to employ FWS students as reading and mathematics tutors for children and as tutors in family literacy programs that provide services to families with preschool age children or children who are in elementary school. The placement of students in these jobs is, in many instances, an important way for institutions to meet the community service expenditure requirement under the FWS Program, serve the needs of the community, and give the FWS students a rewarding and enriching experience. As with programs providing tutoring in reading and family literacy, programs providing mathematics tutoring may take place during the children's school hours, after school, on weekends, or in the summer in order to extend learning time. The institution may create a mathematics-tutoring program, expand an existing reading tutoring program to incorporate mathematics, or continue to focus solely on reading. In addition, the institution may construct its own tutoring program or become involved in existing tutoring programs.

The new waiver of the FWS institutional-share requirement in § 675.26 for mathematics tutors of children who are in elementary school through the ninth grade does not require the institution to make a request for a waiver. Also, the institution has the option of still providing an institutional share and determining the amount of that share.

It is important to note that the Secretary continues the current exceptions that authorize a Federal share of 100 percent of the compensation earned by students employed as reading tutors of preschool age children or children who are in elementary school, students employed as tutors in a family literacy program that provides services to families with preschool age children or children who are in elementary school, and students enrolled at eligible institutions under the Strengthening Institutions Program, the Strengthening Historically Black Colleges and Universities Program, or the Strengthening Historically Black Graduate Institutions Program.

Goals 2000: Educate America Act

The Goals 2000: Educate America Act (Goals 2000) focuses the Nation's education reform efforts on the eight National Education Goals and provides a framework for meeting them. Goals 2000 promotes new partnerships to strengthen schools and expands the Department's capacities for helping communities to exchange ideas and obtain information needed to achieve the goals.

These regulations address the National Education Goal that calls for increasing the rate at which students graduate from high school and pursue high quality postsecondary education.

Waiver of Proposed Rulemaking

In accordance with the Administrative Procedure Act (5 U.S.C. 553), it is the practice of the Secretary to offer interested parties the opportunity to comment on proposed regulations. However, the Secretary is specifically authorized under section 443(b)(5) of the Higher Education Act of 1965, as amended (42 U.S.C. 2753(b)(5)) to determine, through the promulgation of regulations, that the Federal share of compensation for FWS students may exceed 75 percent if required in furtherance of the purposes of the program. The Secretary has made such a determination in this case. Revising § 675.26(d) will increase institutional flexibility and help to meet an important educational need for mathematics tutors in elementary school through the ninth grade without imposing any burden on the affected parties. For these reasons, the Secretary has determined, pursuant to 5 U.S.C. 553(b)(B), that public comment on the amendment to § 675.26(d) is unnecessary and contrary to the public interest.

Regulatory Flexibility Act Certification

The Secretary certifies that these regulations would not have a significant economic impact on a substantial number of small entities. Small entities affected by these regulations are small institutions of postsecondary education.

The provisions of these regulations provide added flexibility to institutions. Thus, no significant adverse economic impacts on small entities are expected to occur.

Paperwork Reduction Act of 1995

These regulations have been examined under the Paperwork Reduction Act of 1995 and have been found to contain no information collection requirements.

Intergovernmental Review

The Federal Work-Study Program is not subject to the requirements of Executive Order 12372 and the regulations in 34 CFR part 79.

Assessment of Educational Impact

Based on its own review, the Department has determined that the regulations in this document do not require transmission of information that is being gathered by or is available from any other agency or authority of the United States.

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Anyone may also view these documents in text copy only on an electronic bulletin board of the Department. Telephone: (202) 219-1511 or, toll free, 1-800-222-4922. The documents are located under Option G—Files/Announcements, Bulletins and Press Releases.

Note: The official version of this document is the document published in the **Federal Register**.

List of Subjects in 34 CFR Part 675

Loan programs—education, Student aid.

Dated: September 28, 1998.

Richard W. Riley,

Secretary of Education.

(Catalog of Federal Domestic Assistance Number: 84.033 Federal Work-Study Program)

The Secretary amends chapter VI of Title 34 of the Code of Federal Regulations as follows:

PART 675—FEDERAL WORK-STUDY PROGRAMS

1. The authority citation for Part 675 continues to read as follows:

Authority: 42 U.S.C. 2751-2756a, unless otherwise noted.

2. Section 675.26 is amended by revising paragraph (d) to read as follows:

§ 675.26 FWS Federal share limitations.

* * * * *

(d) For each award year, the Secretary authorizes a Federal share of 100 percent of the compensation earned by a student under this part if—

(1) The work performed by the student is for the institution itself, for a Federal, State, or local public agency, or for a private nonprofit organization, and

(2)(i) The institution in which the student is enrolled—

(A) Is designated as an eligible institution under the Strengthening Institutions Program (34 CFR part 607), the Strengthening Historically Black Colleges and Universities Program (34 CFR part 608), or the Strengthening Historically Black Graduate Institutions Program (34 CFR part 609), and

(B) Requests that increased Federal share as part of its regular FWS funding application for that year;

(ii) The student is employed as a reading tutor for preschool age children or children who are in elementary school;

(iii) The student is employed as a tutor in a family literacy program that provides services to families with preschool age children or children who are in elementary school; or

(iv) The student is employed as a mathematics tutor for children who are in elementary school through the ninth grade.

[FR Doc. 98-26256 Filed 9-30-98; 8:45 am]

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October 1998

GEN-98-21

Dear President:

I am writing to you to ask for your continued support as your financial aid office, business office, and computer processing services work with the Department of Education (the Department) to modernize the delivery of Federal student financial assistance beginning with the 1999-2000 academic year.

Year 2000 Compliance

First, we particularly want to remind you of the importance of your institution being "year 2000 compliant" with regard to the processing of student financial aid data. Year 2000 compliant means that all of your data systems are capable of properly processing dates that are outside of the 1900-1999 year range and have been tested as such (see "Dear President" Letter GEN-97-12, dated November 1997). Being year 2000 compliant is essential to assure that your students continue to receive the aid for which they are eligible.

Other Modernization Initiatives

In addition to continuing our efforts to ensure that the Federal student financial assistance programs are year 2000 compliant, we are pursuing modernization goals in conjunction with Project EASI (Easy Access for Students and Institutions), a collaboration with the rest of the higher education community to reengineer the national student aid delivery system. Based on this collaboration, the Department is pursuing the following four major modernization initiatives, beginning with the 1999-2000 award year, that directly affect institutional management of the Federal student financial aid programs.

Master Promissory Note

We will be introducing a new Master Promissory Note (MPN) for use as either an annual or multiyear promissory note for student borrowers in the Federal Direct Loan and Federal Family Education Loan (FFEL) programs. Each loan program will have its own MPN. Most four-year and graduate or professional institutions, as well as other institutions designated by the Department, will be able to use the note as a multiyear instrument for their students' subsequent loans. This initiative, part of the Project EASI vision, will eliminate the need for many students to complete a new promissory note each year.

Recipient Financial Management System (RFMS)

RFMS is the new processing system that all institutions participating in the Federal Pell Grant Program will use to report and request Federal Pell Grant program funds. RFMS is an important step toward implementing Project EASI's goals of delivering student financial assistance program funds based on a common business process and using community developed common data standards. We believe the new system will provide important benefits to students, institutions, and taxpayers.

Redesigned Free Application for Federal Student Aid (FAFSA)

The redesigned paper FAFSA, used by students to apply for Federal, and most other, student aid will be a more user-friendly form. We have reduced the number of pages of instruction from 12 to 4 and the number of questions from 108 to 99. We believe that the new form incorporates major improvements in simplifying and clarifying the application process. We are also continuing to implement comparable improvements in our electronic versions of the FAFSA, including FAFSA on the WEB and Renewal FAFSA on the WEB.

Use of the Internet

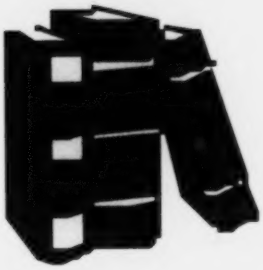
The Department is committed to moving the transmission of student aid data from the Title IV Wide Area Network (TIVWAN) to the Internet, not only as part of Project EASI but as part of a government-wide effort to deliver Federal services over the Internet. We expect that this change will positively affect the computer processing services at your institution and save taxpayer dollars. Your financial aid officer has previously received details on the first stages of this transition and will continue to receive updates as progress toward full Internet usage continues.

Finally, we would also like to remind you of the Notice that we published in the Federal Register on September 19, 1997, informing you of the technical specifications necessary to participate in future designated electronic processes. For example, to be compatible with the Department's student aid systems starting January 1, 1999, institutions must be prepared to use Windows 95, Windows NT, or a newer version of the Windows operating system. To assure that your staff understand, and can implement, our electronic processes and other requirements, we strongly encourage you to send appropriate members to one of our three 1998 Electronic Access Conferences (see http://edeworkshop.walcoff.com) and our training activities.

Thank you for your continued cooperation and support as we work together to create an efficient and cost-effective student aid delivery system that provides first-rate services to our students throughout the Nation.

Sincerely,

Diane E. Rogers
Acting Deputy Assistant Secretary
Student Financial Assistance Programs



Resources

- *The 1999-00 Federal Student Financial Aid Handbook*

- Dear Colleague Letter GEN-98-21 (DCL sample)

- October 1, 1998 Final Rule (FWS) (Federal Register sample)

To order ED publications (and the FAFSA) in bulk:

1) **Enter the web site – http://epos.edpubs.org**

2) **Enter your 8-digit OPE ID number**

Note: ***You can also access this site by entering http://ifap.ed.gov, and clicking on the selection down the left side of the screen for Bulk Publication Ordering.***

For assistance, call 1-877-EDPUBS

Answer Key

Checkpoint #1 – What Am I?

1) FSEOG
2) PLUS
3) Federal Perkins Loan Program
4) Pell Grant
5) Federal Subsidized or Unsubsidized Stafford Loan (FFEL)

Authorization vs. Reauthorization

Authorization: Legislative act that establishes a program, specifies its general purpose and conduct, and (unless open-ended), sets a ceiling for the dollar amount that can be used to finance it.

Reauthorization: A legislative process which occurs every 4 to 5 years that reviews, renews, terminates, or amends existing programs. Reauthorization just occurred in the fall of 1998.

Session 2

Student Eligibility

Questions we will answer during this session:

How do you determine if a student is eligible for Title IV aid?

How do you obtain a student's financial aid history?

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Program-Specific Student Eligibility Criteria

Program	Who is Eligible?	Criteria
Federal Pell Grant	• Undergraduates only • May not have bachelor's or first professional degree (except for students seeking teacher certification at schools not offering undergraduate degrees in education)	• Students must have a SAR or ISIR on file with the school • Less-than-full-time, including less-than-half-time, students are eligible
FSEOG	• Undergraduates only • May not have bachelor's or first professional degree	• Must be awarded first to students with exceptional financial need (that is, lowest EFCs) • Priority to students with exceptional financial need who are eligible for Federal Pell Grants
Federal Perkins Loan	• Undergraduates • Graduate students • Professional students	• Priority to students with exceptional financial need (as defined by the school) • Students must be willing to repay their loans • Must have determination of Federal Pell Grant eligibility • May not be in medical internship or residency
FWS	• Undergraduates • Graduate students • Professional students	• See comments below for "FSEOG, Federal Perkins Loan, and FWS"
FSEOG,*Federal Perkins Loan, and FWS	• Undergraduates only* • Graduate students • Professional students	• Demonstrate need according to Federal Need Analysis Methodology • Less-than-full-time students are eligible - A "reasonable share" of a school's allocation of campus-based funds must be awarded to less-than-full-time students and nontraditional students
Federal Subsidized Loan and Federal Direct Subsidized Loan	• Undergraduates • Graduate students • Professional students • Students enrolled in courses prerequisite to enrollment in a degree or certificate program • Students enrolled in a teacher certification program	• Students must: - Be enrolled at least half time - Demonstrate financial need according to the Federal Need Analysis Methodology • Eligibility for Federal Pell Grants must be determined prior to certifying loan applications and, if eligible, students must apply for Federal Pell Grants
Federal Unsubsidized Loan and Federal Direct Unsubsidized Loan	• See Federal Subsidized Loan and Federal Direct Subsidized Loan	• Students do not have to demonstrate financial need • Student eligibility for Federal Pell Grant and Federal Subsidized or Federal Direct Subsidized must be determined • Students must apply for Federal Subsidized or Federal Direct Subsidized first; EFA includes subsidized loan amount for which students are eligible • Students must be enrolled at least half time
Federal PLUS Loan and Federal Direct PLUS Loan	• Parents of eligible dependent undergraduate students	• Students for whom parents borrow must be eligible, regular students enrolled at least half time • Parents must: - Meet same citizenship requirements as an eligible student - Not be in default on a Title IV loan - Not owe an overpayment on a Title IV grant or loan - Not have an adverse credit history

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How do you determine if a student is eligible for Title IV?

General Student Eligibility Checklist

YES	NO	(Checked box indicates answer required for student to be eligible for Title IV.)
☑	☐	1. Does the student have a valid Social Security number? (Question 8 on paper FAFSA; SSA match results on ISIR)
☑	☐	2. Is the student a U.S. citizen or eligible noncitizen? (Questions 14-15 on paper FAFSA; INS match results on ISIR).
☑	☐	3. Is the student a "regular student" enrolled or accepted for enrollment in an "eligible program" for the purpose of obtaining a degree or certificate? (Questions 30-31 on paper FAFSA).
☑	☐	4. Does the student meet the academic qualifications for study at the postsecondary level? (Student has a high school diploma or recognized equivalent [such as a GED] or is beyond the age of compulsory school attendance, has passed an ability-to-benefit [ATB] test, or followed a state-prescribed process.) (Question 32 on paper FAFSA).
☑	☐	5. Has the student registered with Selective Service (if applicable)? (Questions 28-29 on paper FAFSA).
☐	☑	6. Is the student enrolled solely in remedial coursework?
☑	☐	7. Is the student maintaining satisfactory academic progress?
☐	☑	8. Is the student in default or does the student owe an overpayment on a Title IV loan or grant? (NSLDS history on ISIR)
☐	☑	9. Has the student borrowed in excess of loan limits? (NSLDS history on ISIR).
☐	☑	10. Is the student a member of a religious order, an incarcerated student, or enrolled in a correspondence course that is not part of an eligible program?
☑	☐	11. Does the student have financial need (except for some loan programs where need is not necessary)?
☑	☐	12. Was the student's financial aid history obtained from NSLDS or (if necessary) the school (or schools) previously attended by the student?
☑	☐	13. Has verification been completed (if required)?

(All Handbook Highlights from *SFA Handbook: Student Eligibility*)

HANDBOOK HIGHLIGHTS

VALID SOCIAL SECURITY NUMBERS
To be eligible to receive SFA funds, each student must provide a valid Social Security Number (SSN). The Social Security Administration (SSA) and the CPS work together to conduct a match that verifies that the given student's SSN is correct and that the SSN corresponds to the given student's name and birth date.

As is the case for the SSA citizenship match, no comment is provided on the output document when the SSN match is successful. A match flag of "4" will be provided in the FAA Information Section for a successful match. If the school discovers that a matched SSN is incorrect or discovers conflicting information about the student's SSN, the school must resolve the conflict before disbursing SFA funds to the student.

If a student's name and SSN match but the SSA shows a different date of birth, a comment stating that the date of birth is inconsistent will appear on the student's output document (Comment 60).

If the SSN is in the database but there is a discrepancy regarding the student's name, the student will receive a comment on the output document telling the student either to correct the appropriate items or to contact the SSA to resolve the problem (Comment 61). This situation is most likely to occur when a student has used a nickname on the application or when a student has failed to inform the SSA of a name change (from marriage, for instance). The school may disburse funds if the student provides documentation explaining the discrepancy, and shows that the submitted SSN is correct; the application does not need to be resubmitted to the CPS.

If the SSN does not match, the student's application will be rejected. The student will receive a comment that instructs the student to correct his or her SSN or contact SSA if he or she believes the SSN reported is correct (Comment 24).

If the student's application is rejected because he or she reported an incorrect SSN, the student should submit a correction to have the new (correct) SSN matched again with the SSA. If the application is missing either the last name or the date of birth, no match with SSA will be conducted, and the student's application will be rejected.

If no match was conducted due to processing problems, the CPS will check to see whether the reported SSN falls within a valid range. If it does, the student will receive a comment telling the student to provide proof to the school that the SSN is correct (Comment 58). If there was no match because of processing problems and the SSN does not fall within a valid range, the student's application will be rejected.

ABILITY-TO-BENEFIT

On December 1, 1995, the Secretary published regulations for approving and administering ATB tests. The regulations took effect July 1, 1996. On October 25, 1996, the Department published the first list of approved tests under these rules in a *Federal Register* notice. See pages 2-16 and 2-17 for a list of approved tests. To be sure that you have a comprehensive up-to-date list, you may call Customer Support at 1-800-433-7327 for information on tests approved after this publication went to print. If it chooses to do so, a school may use more than one of the tests on the list to determine whether an ATB student is eligible to receive SFA program funds.

There are some areas in which there are no "new" approved tests; in these cases schools can still use the old approved tests until 60 days after the Department publishes the name and score of the new test. Specifically, the regulations contain additional provisions for approving tests for students whose native language is not English and who are not fluent in English and for students who have disabilities; no such tests have been approved. In such cases schools should make ATB eligibility determinations based on guidelines stated in the December, 30, 1992 *Federal Register* and by using tests approved as of June 30, 1996. The Department is currently reviewing the eight tests listed in the October 25 notice to determine if they can also be used for students with disabilities. If the Department approves the tests for this purpose, a notice will be published in the *Federal Register*. When published, this notice will also be available at http://ifap.ed.gov.

The regulations also specify testing procedures a school must follow. The school should make arrangements with one or more parties to administer the approved tests to students. The regulations require that the test administrator be certified by the test publisher. The school should contact the test publisher to locate a certified test administrator. Certified administrators may come from various occupations. They may include but are not limited to people in these fields:

- high school guidance counselors;
- qualified professional educators;
- regional and area Armed Forces Command staff who are experts in education, training, and human resource development;
- test and measurement experts; and
- human resource development professionals.

An approved test must be independently administered. To be independently administered, the test must be given by an individual or by an organization with no current or prior financial or ownership interest in the school, its affiliates, or its parent corporation other than the interest generated through its agreement to administer the approved test. A test is also considered to be independently administered if it is given at an assessment center.

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HANDBOOK HIGHLIGHTS

Tests Approved by the Department

Following is a listing of the eight approved ability-to-benefit (ATB) tests and the publishers of these tests. The list is based on information originally printed in the *Federal Register* on October 25, 1996. Call ED's Customer Service number at 1-800-433-7327 for information on tests approved after this publication went to print.

◊ ASSET Program: Basic Skills Tests (Reading, Writing, and Numerical Skills): Forms B2 or C2. Approved passing scores: Reading (34), Writing (34), Numerical Skills (33). Used primarily by community / technical colleges. Paper / pencil testing. Hand score or computer score.

Publisher: American College Testing (ACT)
Placement Assessment Programs
2201 North Dodge Street
P.O. Box 168
Iowa City, Iowa 52243

Phone: 319-337-1054

◊ Career Programs Assessment (CPAt) Basic Skills Subtests (Language Usage, Reading, and Numerical Skills): Forms A, B, or C. Approved passing scores: Language Usage (43), Reading (44), Numerical Skills (42). Used primarily by proprietary career schools and colleges. Paper / pencil testing. Hand score only.

(Publisher: American College Testing [ACT]. See information in prior listing.)

◊ COMPASS Subtests: Prealgebra / Numerical Skills Placement, Reading Placement, and Writing Placement. Approved passing scores: Prealgebra / Numerical Skills Placement (21), Reading Placement (60), and Writing Placement (31). Used primarily by community / technical colleges and 4-year colleges and universities. Computer testing only / computer scoring only.

(Publisher: American College Testing [ACT]. See contact information above.)

◊ Computerized Placement Tests (CPTs) / ACCUPLACER (Reading Comprehension, Sentence Skills, and Arithmetic). Approved passing scores: Reading Comprehension (52), Sentence Skills (60), and Arithmetic (36).

Publisher: The College Board
45 Columbus Avenue
New York, NY 10023-6992

Phone: 212-713-8000

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Tests Approved by the Department

- Descriptive Tests. Descriptive Tests of Language Skills (DTLS) [Reading Comprehension; Sentence Structure or Conventions of Written English]: Forms M-K-3KDT and M-K-3LDT; and Descriptive Tests of Mathematical Skills (DTMS) [Arithmetic]: Forms M-K-3KDT and M-K-3LDT. Reading Comprehension (308), Sentence Structure (9) or Conventions of Written English (309), and Arithmetic (506).

  (Publisher: The College Board: See prior listing.)

- Test of Adult Basic Education (TABE) [Reading Total, Total Mathematics, Total Language]: Forms 5 and 6, Level A, Survey Version and Complete Battery Version. Approved passing scores: Reading Total (768), Total Mathematics (783), Total Language (714).

  Publisher: CTB / McGraw Hill
  20 Ryan Ranch Road
  Monterey, CA 93940-5703

  Phone: 408-393-7197

- Test of Adult Basic Education (TABE) [Reading, Total Mathematics, Language] Forms 7 and 8, Level A, Survey Version and Complete Battery Version. Approved passing scores: Reading (559), Total Mathematics (562), Language (545).

  (Publisher: CTB / McGraw Hill. See contact information above.)

- Wonderlic Basic Skills Test (WBST) [Verbal Forms VS-1 & VS-2, Quantitative Forms QS-1 & QS-2]. Approved passing scores: Verbal (200), Quantitative (210).

  Publisher: Wonderlic Personnel Test
  1509 N. Milwaukee Avenue
  Libertyville, IL 60048-1380

  Phone: 800-323-3742

HANDBOOK HIGHLIGHTS

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REGISTRATION WITH SELECTIVE SERVICE

Most males from age 18 through 25—including permanent residents and other eligible noncitizens—are required to register with the Selective Service System. Anyone required to register with Selective Service must have done so in order to receive aid through the SFA Programs. Persons exempted from this requirement include:

1. females;

2. males currently in the armed services and on active duty (this exception does not apply to members of the Reserve and National Guard who are not on active duty);

3. males who are not yet 18 at the time that they complete their applications (an update is not required during the year, even if a student turns 18 after completing the application);

4. males born before 1960; and

5. citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau.

There are certain less common situations in which the registration requirement is waived. Students who are not required to have already registered prior to meeting one of these criteria and who meet one of the criteria for the entire time they are 18 through 25 qualify for the waiver if:

1. they are unable to register due to being hospitalized, incarcerated, or institutionalized;

2. they are enrolled in any officer procurement program at The Citadel, North Georgia College, Norwich University, or Virginia Military Institute;

3. they are commissioned Public Health Service officers on active duty or members of the Reserve of the Public Health Service; or

4. they are commissioned officers of the National Oceanic and Atmospheric Administration.

If the student qualifies for an exemption or waiver, and thus is not required to register, the school must document the student's status. If the student is not clearly exempt from the requirement to register, the school should ask the student to document the exemption by providing the school with a Status Information Letter from the Selective Service.

HANDBOOK HIGHLIGHTS

SATISFACTORY ACADEMIC PROGRESS

HANDBOOK HIGHLIGHTS

A school's satisfactory progress policy for students receiving SFA funds must be at least as strict as the policy used for students who do not receive SFA funds. The policy must be applied consistently to all SFA recipients within identifiable categories of students (such as full-time or part-time, graduate, or undergraduate students). Note that the school's satisfactory progress policy must include both a qualitative measure (such as the use of cumulative grade point average) and a quantitative measure (such as a maximum time frame for completion) of the student's progress.

Although a school may establish its own satisfactory progress standards, these standards must at least meet the minimums required by law and regulations. For the qualitative standard, the law specifies that by the end of the second academic year (measured as a period of time, not by the student's grade level), the student must, in general, 1) have a C average or its equivalent, or 2) have an academic standing consistent with the requirement for graduation from the program. If a school does not use letter grades, a school's satisfactory progress policy should define "equivalent of a C average." If a school determines that a student has maintained satisfactory progress standards even though his or her average falls below a C average, the school must be able to document that the student's average is consistent with the academic standards required for graduation. Rather than using a single fixed standard throughout the program, a school may use a graduated grade point requirement. For instance, a school may set a minimum grade point average (GPA) of 1.75 (on a scale of 0.0 to 4.0) at the end of the second academic year in a four-year degree program. The school may also require that a student earn at least a 2.0 average in order to graduate. If school policy permits progression toward the 2.0 graduation requirement, the school may permit a lower standard at the end of the second academic year.

To accurately measure a student's progress in a program, the satisfactory progress policy must also include a quantitative measure to determine the number or percentage of courses, credit hours, or clock hours completed. To quantify academic progress, a school must set a maximum time frame in which a student is expected to finish a program. For an undergraduate program, the maximum time frame may not exceed 150% of the published length of the program measured in academic years, academic terms, credit hours attempted, or clock hours completed, as appropriate.

To ensure that a student is making sufficient progress throughout the course of study, the school must divide the program into **equal** evaluation periods called increments. An increment may not be longer than half the program or one academic year, whichever is less. Once a school defines the length of each increment, the school must compare the number of hours the student attempted with the number of hours the student successfully completed. This calculation enables the school to determine whether the student is progressing at a rate that will allow him or her to finish the program within the maximum time frame.

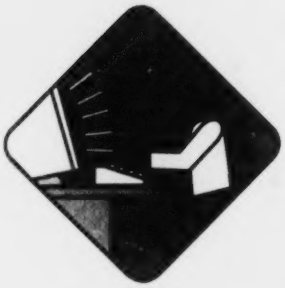
HANDBOOK HIGHLIGHTS

Effect of Loan Status on Student Aid Eligibility

Loan Status	NSLDS Code	Eligible for SFA Funds*
In school, grace period,	DA-Deferred FB-Forbearance ID-In school or grace period RP-In repayment	Yes
Paid	DP-Default, then paid in full PC-Paid in full through consolidation PF-Paid in full	Yes For consolidation, it does not matter what type of consolidation loan the borrower received, nor whether loan was in default before consolidation
Lost guarantee	UI-Uninsured, Unreinsured	Yes It does not matter if the loan was in default
Canceled or discharged	BC-No default, bankruptcy discharge CA-Canceled DF-Default, false certification discharge DG-Default, false certification (ability to benefit) discharge DI-Disability DJ-Default, discharged by judicial ruling DK-Default, bankruptcy discharge DN-Default, closed school discharge DS-Default, disability cancellation EA-False certification (ability to benefit) discharge EC-Closed school discharge EF-Loan discharged for fraudulent disbursement EJ-Court ordered write-off OD-Default, bankruptcy discharge	Yes For a borrower who had a disability cancellation to receive new loans, the borrower must have a doctor's certification that his or her condition has improved and sign a statement indicating that he or she is aware that the new loan cannot be canceled on the basis of any present impairment unless the condition deteriorates.
No default, bankruptcy filing	BK-No prior default, active bankruptcy claim	Yes Loan was not in default and has not been discharged
Default	DL-Defaulted, in litigation DT-Defaulted, collection terminated DU-Defaulted, unresolved	No
Default, bankruptcy filing	DB-Defaulted, active bankruptcy claim DO-Defaulted, active bankruptcy claim	No, unless debtor can show that loan is dischargeable
Default, compromise	DC-Defaulted, compromised	Yes Compromise is recognized as payment in full
Default, written-off	DW-Defaulted, write-off	No, unless debtor reaffirms loan and makes satisfactory repayment arrangements or repays loan in full
Default, satisfactory repayment arrangement	DX-Defaulted, satisfactory arrangements, and six consecutive payments	Yes, if borrower continues to comply with repayment plan or is granted forbearance

*Federal Perkins Loan regulations allow the financial aid administrator to deny eligibility for additional loans if he or she has evidence that the applicant is unwilling to repay the loan.

How do you obtain a student's financial aid history?



The National Student Loan Data System (NSLDS)

- Contains Title IV information & history
- Contains overpayment information for FSEOG, Pell, and Perkins
- Simplifies Student Status Confirmation Reporting (SSCR)

Rules Surrounding Financial Aid Transcripts

* If you are waiting for a paper FAT, you have the option of making a first disbursement of Pell or campus-based.

- if you do this, must have proof that you requested the FAT

* Until FAT received, no student loan or PLUS loan disbursements

FINANCIAL AID TRANSCRIPTS

The transcript information must include:

- *the student's name and Social Security Number.*

- *whether the student is in default on an NDSL, or Perkins Loan, or owes a repayment on a Federal Pell Grant, Perkins Loan, or FSEOG at that school.* The school should always be able to tell from its own records if the student is in default or owes a repayment for any of these programs.

- *if known, whether the student owes a repayment on an SSIG or is in default on a FFEL or Direct Loan received at that school.* In many cases, the holder of the debt (the guaranty agency, the state agency, or the Department) will have informed the school if the student is in default or owes a repayment.

- *for the award year in which the transcript is requested, the amount of Perkins funds disbursed.*

- *the total amount of any loans received by the student under the Perkins and NDSL programs at that school.*

- *whether the student had an outstanding balance on an NDSL (either Defense or Direct) from that school on July 1, 1987.* This will affect whether the student may be considered a new borrower in the Perkins Loan Program. New Perkins borrowers are given a nine-month grace period, rather than the six-month NDSL grace period and are eligible for a deferment or cancellation for volunteer service in the Peace Corps.

- *whether the student had an outstanding balance on an NDSL (either Defense or Direct) from that school on October 1, 1992.*

- *the amount and period of each loan made to the student under the FFEL and Direct Loan programs at that school.* This includes PLUS loans taken out by the student's parents on the student's behalf.

- *the student's Scheduled Pell Grant and the amount of Pell Grant funds disbursed to the student for the current award year.* Schools do not have to report information on FSEOG awards with the transcript information because annual FSEOG maximums apply only to the amount that the school may award during an award year, not to how much the student may receive from multiple schools.

When responding to an FAT request, a school is not required to include information about the amount of aid awarded at other schools or the student's default or overpayment status at other schools. However, the school sending the transcript must list these other schools with the transcript information, and the new school must make sure that it has received transcript information from those schools.

HANDBOOK HIGHLIGHTS

Four students have applied for federal financial aid. Each student has a different educational goal and wishes to attend a specific school. Determine each student's eligibility.

Case Study

Student 1—Justin

Justin Case is a 21-year-old student enrolled in Foster Business College (FBC). Justin was born and raised in Guam, and he has spent the past 3 1/2 years working periodically on construction jobs. He now wants to take a six-month, 600-clock-hour course in computerized information management at FBC to obtain a professional certificate.

As Justin never finished high school, he took FBC's ability-to-benefit test (approved by ED) and scored a passing grade of 78. Justin received a Student Aid Report (SAR) with a Pell-eligible Expected Family Contribution (EFC). Justin indicates that he is not required to register with the Selective Service, as he is a conscientious objector. Justin was selected for verification, and he has promised the aid administrator that he will bring in the appropriate tax documents once his mother sends them to him.

Justin's Questions:

1. **Am I eligible to receive Title IV financial aid at FBC?**

2. **If not, which student eligibility criteria did I not meet, and what can I do, if anything, to become eligible for Title IV financial aid?**

Student 2—Kay C.

Kay C. Fudd is a 17-year-old high school graduate from Springfield, IA , where she was born and raised.

State University, where she plans to attend, informs her that she needs to take a few remedial courses before she can enroll in their program. So, Kay enrolls at Dunn Community College for the summer term to take the remedial courses.

Kay C.'s Questions:

1. **Am I eligible to receive Title IV financial aid at your school, Dunn Community College?**

2. **If not, which student eligibility criteria did I not meet, and what can I do, if anything, to become eligible for Title IV financial aid?**

Student 3—Elena

Elena Del Castillo is a self-supporting 25-year-old student who is enrolled at Tower Community College (TCC) for the current award year. She is starting the second year of her occupational therapy course, which is a two-year degree program.

Elena was born in Puerto Rico and graduated from Notre Dame High School in Caguas, Puerto Rico. She attended Hall Technical Institute (HTI) for one year before coming to TCC. According to a written certification from HTI, she did not receive any Title IV aid there.

The financial aid administrator checks Elena's previous spring-semester academic transcript and finds that she has completed 38 credits with a GPA of 2.8, which surpasses the school's satisfactory academic progress standards. Elena's Expected Family Contribution (EFC) is less than the cost of attendance (COA) for her program. She is not eligible for the Federal Pell Grant Program. Elena was not selected for verification.

Elena's Questions:

1. **Am I eligible to receive Title IV financial at TCC?**

2. **If not, which student eligibility criteria did I not meet and what can I do, if anything, to become eligible for Title IV financial aid?**

Student 4—Jacques

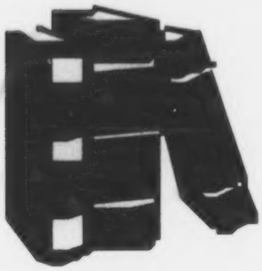
Jacques Bertrand is a 27-year-old student enrolled at the World Language Institute (WLI). He is in a conversational English course for 3 credits that he's taking to better communicate with customers in his current job.

Jacques and his family came to the U. S. in 1996 from France. Jacques has received his Student Aid Report (SAR) with a Pell-eligible Expected Family Contribution (EFC) and has delivered it to the financial aid administrator. His SAR indicates that the Central Processing System (CPS) did not confirm him to be an eligible noncitizen, and WLI is in the process of further reviewing his citizenship status. His SAR also shows that he was selected for verification, and Jacques delivered all appropriate documents to verify the information reported on his application for financial aid.

Jacques' Questions:

1. **Am I eligible to receive Title IV financial aid at WLI?**

2. **If not, which student eligibility criteria did I not meet, and what can I do, if anything, to become eligible for Title IV financial aid?**



Resources

- ★ *The 1999-00 Federal Student Financial Aid Handbook: Student Eligibility*
- ★ 34 CFR Subpart C-Student Eligibility
  668.32 – 668.39
- ★ 34 CFR Subpart E-Verification
  668.51 – 668.61

Answer Key

Case Study:

Justin

He is NOT eligible because:

#5 – he is not registered with the Selective Service, and

#13 – verification was not yet completed

Kay C

She is NOT eligible because:

#3 – she is not enrolled as a regular student in an eligible program

Elena

She IS eligible.

Jacques

He is NOT eligible because:

#2 – he has not documented his citizenship status

#3 – he is not enrolled for the purpose of obtaining a degree or certificate

Session 3

FAFSAs and Output Documents

Questions we will answer during this session:

What information is collected on the FAFSA?

What are the different types of FAFSAs and output documents?

What information is collected on the FAFSA?

Tony comes into your office, FAFSA in hand, confused on how to answer several questions. You meet with your fellow FAAs to help him.

1) Before I get to my questions, I have a question for a friend originally from Japan. She just became a U.S. citizen, although she's been in the United States for a few years. She also has an alien registration number, which she put on last year's FAFSA. Should she still include her alien registration number in number 14? What should she put for number 15?

2) My brother wanted me to ask you something, too. He is hoping his divorce will be complete any day now. He has been separated from his wife for 13 months. He is filing his FAFSA this week. How should he answer number 16?

3) Why do I have to put my parents' educational history in questions 23 and 24? Why does that matter?

4) This will be my first year in college, but I did take some college courses as a high school senior this year. What should I put for number 31?

Tony's Questions (cont'd)

5) I'm not sure if I will need loans or want to do work study this year. I don't want to be tied to anything yet. How should I answer numbers 34 and 35?

6) I haven't filed my tax return yet, but I want to meet all the early financial aid deadlines. Should I still fill out the questions gathering tax information? If I estimate, what if my actual tax information differs when I actually file my taxes?

7) My friend was on active duty in the Army, but was honorably discharged. How should he answer number 57?

8) My parents are separated. I live with my mom most of the time now. I see my dad on weekends and some holidays. He sends my mom a lot of money every month to support us, though. He also told me to tell you that he claims me as a dependent on his tax return. Whose tax information should be included in Step Four?

9) My friend, Tina, has a mean stepmom. She told Tina she won't supply any of her tax information for Tina's FAFSA. Tina can get her dad's information. Will this be sufficient for Tina to get financial aid?

Tony's Questions (cont'd)

10) What about my other friend, Sam? His parents travel all the time, so Sam lives with his grandparents. Should he put his grandparents' data in Step Four? Why or why not?

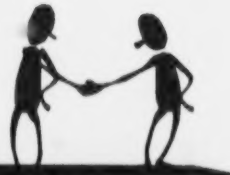
11) Let's step back to Step One for a minute. The parents of my other friend, Howie, died two years ago. He lives with his aunt. Should the amount she spends on Howie's food and shelter count as part of Howie's income on the FAFSA? His aunt also makes his monthly car payment, which is a debt in his name. Should that count as Howie's income? Why or why not?

12) My sister does not live at home anymore. My mom sends her enough money for everything – rent, food, you name it. She wanted me to ask you about number 77. Should she include my sister as part of the household? Why or why not?

13) If I decided to move in with my girlfriend, and she pays all my living expenses, would I be counted in her household size when she files a FAFSA? Why or why not?

14) I'm not sure which school to attend, and I don't know which college to list first in Step Five. What do you suggest?

15) You answered so many questions. Should you fill out the preparer's section in Step Six?



What are the different types of FAFSAs and output documents?

Application Processing

Paper FAFSA	FAFSA Express/ FAFSA on the Web	EDExpress
How is it completed and submitted?		
The student: • completes the paper FAFSA; and • mails it in for processing	**The student:** • completes the application on a computer; • sends it to the CPS electronically; and • prints, signs, and mails the signature page (unless an independent student is using a Renewal FAFSA on the Web)	**The student:** • completes the paper FAFSA **The school official:** • enters the data electronically; • sends it to the CPS online; and • files the signed paper FAFSA
What are the output documents?		
The student receives a SAR, and the school receives an ISIR.	The student receives a SAR, and the school receives an ISIR.	The student receives a SAR Information Acknowledgment, and the school receives an ISIR.
How are changes made to the output documents?		
The student: • writes corrections on Part 2 of the SAR and mails it in for processing; or • takes corrections to the school for electronic processing	**The student:** • writes corrections on Part 2 of the SAR and mails it in for processing; or • takes corrections to the school for electronic processing	**The student:** • takes corrections to the school for electronic entry; or • requests a paper SAR, corrects Part 2, and mails it in

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Checkpoint #1: Types of FAFSAs

Circle the number of any statement that is false.

1) Students applying through EDExpress usually do not have to fill out a paper FAFSA.

2) FAFSA Express can only be completed using a PC. Macintosh users cannot apply through FAFSA Express.

3) Students using FAFSA on the Web should print out, sign, and submit a signature page.

4) Students using FAFSA Express also can complete a Renewal FAFSA using that program.

5) Except for PLUS Loans, a student cannot benefit from any Title IV financial aid without completing a FAFSA on paper, through EDExpress, using FAFSA Express, or using FAFSA on the Web.

6) Dependent students still need to print a signature page for at least one parent to sign when using Renewal FAFSA on the Web.

7) Schools are not required to keep a student's paper FAFSA once they enter and submit the student's data using EDExpress.

1999-2000 Student Aid Report (SAR)
Federal Student Aid Programs
Part 1 - Information Summary

OMB No. 1840-0132
Form Approved
Exp. 12/31/2000

991-23-4567
AN-01 DRN: 6234

IMPORTANT: Read **ALL** information in Part 1 to find out what to do with this Report

000117C041

JANUARY 30, 1999
EFC: 300*

JULIE A. ANDERSON
WANNAGOA WAY
MAINTOWN, MA 00180

Read this letter carefully and review each item on Part 2 of this Student Aid Report (SAR). Follow the instructions at the top of Part 2 and in the Free Application for Federal Student Aid (FAFSA) instruction booklet to help you make corrections. If all of the information on your SAR is correct, you do not need to return it to the Federal Student Aid Programs. For additional help with your SAR, contact your Financial Aid Administrator (FAA) or the Federal Student Aid Information Center at 1-800-4FED-AID (1-800-443-3243).

If all the information on this SAR is correct, you may be eligible to receive a Federal Pell Grant and other Federal student aid in 1999-2000. Your FAA will determine whether you meet all eligibility requirements to receive aid. The amount of aid will depend on the cost of attendance at your school, your enrollment status (full-time, three-quarter-time, half-time, or less than half-time), Congressional budget restrictions, and other factors.

HERE IS WHAT YOU NEED TO DO NOW: Review the information on Part 2. If any of the information is incorrect, follow the instructions at the top of Part 2 to make corrections. IF ALL THE INFORMATION IS CORRECT, you do not need to submit the SAR to the schools you listed. All of your schools will receive the information electronically.

Your application has been selected for review in a process called verification. You must submit to your school signed copies of certain 1998 financial documents for you and your parents. Contact your FAA to find out which documents are required.

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This section contains information from your student aid application (shaded items display parents' information, if provided). Use the Information Review Form (Part 2 of your SAR) to correct this information. Do not make corrections on this page; it is for your files.

1. LAST NAME	ANDERSON
2. FIRST NAME	JULIE
3. MIDDLE INITIAL	A
4. PERMANENT STREET ADDRESS	WANNAGOA WAY
5. CITY	MAINTOWN
6. STATE ABBREVIATION	MA
7. ZIP CODE	00180
8. SOCIAL SECURITY NUMBER	991-23-4567
9. DATE OF BIRTH	OCTOBER 19, 1980
10. PERMANENT HOME PHONE NUMBER	(435) 555-4584
11. DO YOU HAVE A DRIVER'S LICENSE?	YES
12. DRIVER'S LICENSE NUMBER	991-23-4567
13. DRIVER'S LICENSE STATE ABBREVIATION	MA
14. CITIZENSHIP STATUS	U.S. CITIZEN
15. ALIEN REGISTRATION NUMBER	(BLANK)
16. MARITAL STATUS	SINGLE
17. DATE OF MARITAL STATUS	(BLANK)
18. ENROLLMENT STATUS SUMMER TERM 1999	(BLANK)
19. ENROLLMENT STATUS FALL SEM/QTR 1999	FULL TIME
20. ENROLLMENT STATUS WINTER QTR 99-2000	(BLANK)
21. ENROLLMENT STATUS SPRING SEM/QTR 2000	FULL TIME
22. ENROLLMENT STATUS SUMMER TERM 2000	(BLANK)
23. FATHER'S EDUCATION LEVEL	UNKNOWN
24. MOTHER'S EDUCATION LEVEL	HIGH SCHOOL
25. STATE OF LEGAL RESIDENCE ABBREVIATION	MA
26. LEGAL RESIDENT BEFORE JANUARY 1, 1994?	YES
27. DATE YOU BECAME A LEGAL RESIDENT	(BLANK)
28. ARE YOU MALE?	NO
29. REGISTER YOU FOR SELECTIVE SERVICE?	(BLANK)
30. TYPE OF DEGREE/CERTIFICATE	1ST BA
31. GRADE LEVEL IN COLLEGE IN 1999-2000	1ST NEVER ATTENDED
32. HIGH SCHOOL DIPLOMA OR GED?	YES
33. FIRST BACHELOR'S DEGREE BY 7-1-1999?	NO
34. INTERESTED IN STUDENT LOANS?	YES
35. INTERESTED IN WORK-STUDY?	YES
36. HOW MANY MONTHS RECEIVE VA BENEFITS?	00
37. MONTHLY VA BENEFITS AMOUNT	$ 000
38. FILED 1998 IRS INCOME TAX RETURN	WILL FILE
39. TYPE OF 1998 TAX FORM USED	1040A/EZ/TEL
40. ELIGIBLE TO FILE A 1040A OR 1040EZ?	(BLANK)
41. ADJUSTED GROSS INCOME FROM IRS FORM	$ 3125
42. U.S. INCOME TAX PAID	$ 0
43. EXEMPTIONS CLAIMED	00
44. EARNED INCOME CREDIT	$ (BLANK)
45. STUDENT'S INCOME EARNED FROM WORK	$ 3125
46. SPOUSE'S INCOME EARNED FROM WORK	$ 0
47. AMOUNT FROM WORKSHEET A	$ 0
48. AMOUNT FROM WORKSHEET B	$ 0
49. CASH, SAVINGS, AND CHECKING	$ 100
50. NET WORTH OF REAL ESTATE/INVESTMENTS	$ 0

51. NET WORTH OF BUSINESS	$ 0
52. NET WORTH INVESTMENT FARM	$ 0
53. BORN BEFORE 1-1-1976?	NO
54. WORKING ON DEGREE BEYOND BACHELOR'S?	NO
55. ARE YOU MARRIED?	NO
56. ORPHAN OR WARD OF COURT?	NO
57. VETERAN OF U.S. ARMED FORCES?	NO
58. HAVE DEPENDENTS OTHER THAN SPOUSE?	NO
59. NUMBER OF FAMILY MEMBERS IN 1999-2000	01
60. NUMBER IN COLLEGE IN 1999-2000	1
61. PARENT(S) FILED 1998 INCOME TAX RETURN	WILL FILE
62. TYPE OF 1998 TAX FORM USED	1040A/EZ/TEL
63. ELIGIBLE TO FILE A 1040A OR 1040EZ?	(BLANK)
64. ADJUSTED GROSS INCOME FROM IRS FORM	$ 20000
65. U.S. INCOME TAX PAID	$ 1298
66. EXEMPTIONS CLAIMED	02
67. EARNED INCOME CREDIT	$ 2210
68. FATHER'S INCOME EARNED FROM WORK	$ (BLANK)
69. MOTHER'S INCOME EARNED FROM WORK	$ 20000
70. AMOUNT FROM WORKSHEET A	$ 4800
71. AMOUNT FROM WORKSHEET B	$ (BLANK)
72. CASH, SAVINGS, AND CHECKING	$ 100
73. NET WORTH OF REAL ESTATE/INVESTMENTS	$ 0
74. NET WORTH OF BUSINESS	$ 0
75. NET WORTH OF INVESTMENT FARM	$ 0
76. PARENT(S) MARITAL STATUS	DIVORCED/SEPARATED
77. NUMBER OF FAMILY MEMBERS IN 1999-2000	02
78. NUMBER IN COLLEGE IN 1999-2 000	1
79. PARENT(S) STATE OF LEGAL RESIDENCE	MA
80. LEGAL RESIDENT BEFORE JANUARY 1, 1994?	YES
81. DATE PARENT(S) BECAME LEGAL RESIDENT	(BLANK)
82. AGE OF OLDER PARENT	45
83. FIRST COLLEGE NAME	IVY UNIVERSITY
84. FIRST HOUSING STATUS	ON CAMPUS
85. SECOND COLLEGE NAME	TOWER COLLEGE
86. SECOND HOUSING STATUS	ON CAMPUS
87. THIRD COLLEGE NAME	SKY COMMUNITY COLLEGE
88. THIRD HOUSING STATUS	ON CAMPUS
89. FOURTH COLLEGE NAME	(BLANK)
90. FOURTH HOUSING STATUS	(BLANK)
91. FIFTH COLLEGE NAME	(BLANK)
92. FIFTH HOUSING STATUS	(BLANK)
93. SIXTH COLLEGE NAME	(BLANK)
94. SIXTH HOUSING STATUS	(BLANK)
95. DATE COMPLETED	JANUARY 27, 1999
96. SIGNED BY	STUDENT AND PARENT
97. PREPARER'S SOCIAL SECURITY NUMBER	(BLANK)
98. PERPARER'S EIN	(BLANK)
99. PERPARER'S SIGNATURE	(BLANK)

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1999-2000 Student Aid Report (SAR)
Federal Student Aid Programs
Part 1 - Information Summary

OMB No. 1840-0132
Form Approved
Exp. 12/31/2000

991-23-4567
AN-01 DRN: 6234

IMPORTANT: Read **ALL** information in Part 1 to find out what to do with this Report.

FOR FAA USE ONLY

This information will be used by your Financial Aid Administrator to determine your eligibilty for student aid.

Agency Source: 5
Record Source Code:
Record Type:
Verification
  Transaction Flag: A
  Tracking Flag: A

Model: D
Duplicate Copy:
SysGen:
Dependency Override:
Special Handling:
Reprocessing Code:

FAA Adjustment Flag:
Reject Reasons:
Application Receipt Date: 01/28/1999
Transaction Receipt Date: 01/28/1999
Subsequent Application Flag:
Early Analysis Flag:

MONTHS:	1	2	3	4	5	6	7	8	9	10	11	12
PRIMARY EFC:	00300	00300	00300	00300	00300	00300	00300	00300	00300	00300	00300	00300
SECONDARY EFC:												

INTERMEDIATE COMPUTE VALUES:

TI:	000015200	ATI:	000019104	STX:	000001216	EA:	000002800	STI:	000000265
IPA:	000012260	AI:	-00003904	CAI:	-00003904	DNW:	-00026700	FTI:	000018325
APA:	000026800	PCA:	000000000	AAI:	-00003904	TPC:	000000000		
TSC:	000000000	PC:	000000000	SIC:	000000265	SCA:	000000035		

Auto Zero EFC Flag:
SNT Flag: N
Pell Eligible Flag: Y

MATCH FLAGS:
SSN Match Flag: 1
INS Match Flag:
NSLDS Match Flag: 1
VA Match Flag: 3

Selective Service Registration Flag:
INS Verification #:
NSLDS Results Flag: 3

Selective Service Match:
SSA Citizenship Code: A
NSLDS Transaction Number: 01

COMMENTS: 006 151 170

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1999-2000 Student Aid Report (SAR)
FINANCIAL AID HISTORY

DRAFT

Processed: 03-17-1999

This page contains your previous financial aid information, which is contained in the National Student Loan Data System (NSLDS). Your Financial Aid Administrator will use it to determine your eligibility.

#Overpayment:		Contact:
Pell:	Y	05
FSEOG:	Y	Access NSLDS
Perkins:	Y	12345678

#Defaulted Loans: Y #Discharged: N #Loan Sat. Repayment: Y #Active Bankruptcy: N

#Aggregate Amount for FFELP/Direct Loans:	Outstanding Principal Bal.:	Pending Disbursements:	Total:
Subsidized Loans:	$123,456	$123,456	$123,456
Combined Loans:	$123,456	$123,456	$123,456
FFEL Consolidated Loans:	$123,456		$123,456

#Perkins Loans:

Cumulative Loan Amount $123,456

First Disbursement Prior to 10/1/92: Y

Current Year Loan Amount $123,456

Expanded Lending Option: Y

#1999-2000 Pell Payment Data:	Sch.Code:	Tran:	Sch.Amt:	Disb.Amt:	Rem.Amt:	% Sch.Used:	As of:	EFC:	Ver.Flag:
	76543210	01	$1234	$1234	$1234	100.00	01/15/99	1234	X
	12345678	01	$1234	$1234	$1234	100.00	01/15/99	1234	X
	12345678	01	$1234	$1234	$1234	100.00	01/15/99	1234	X

Access NSLDS for additional Pell data.

Loan Detail:	Net Loan Amount	Loan Begin Date	Loan End Date	GA Code	School Code	Grade Level	Contact	Contact Type
#FFEL Stafford Unsubsidized Status Code DA as of 01/05/99 Outstanding Bal. $123,456 as of 02/02/99	$123,456	01/01/97	05/01/97	719	00132100	01	719	GA
#FFEL Stafford Subsidized Status Code FB as of 09/01/99 Outstanding Bal. $123,456 as of 02/07/99	$123,456	01/01/96	01/01/97	736	00132600	02	736	GA
#Direct Stafford Subsidized Status Code ID as of 09/06/99 Outstanding Bal. $123,456 as of 02/03/99	$123,456	01/01/96	01/01/97	N/A	00132700	03	SV0101	DLS
#Direct Consolidated Subsidized Status Code DL as of 12/06/99 Outstanding Bal. $123,456 as of 01/01/99	$123,456	08/01/95	05/10/96	N/A	00132100	04	SV0101	DLS
#Supplemental Loan (SLS) Status Code DX as of 05/01/99 Outstanding Bal. $123,456 as of 02/02/99	$123,456	01/01/95	04/01/95	701	00132600	05	N/A	N/A
#Perkins Expanded Lending Option Status Code DU as of 06/05/99 Outstanding Bal. $123,456 as of 01/01/99	$123,456	09/02/94	06/02/95	N/A	00132100	06	00132100	SCH
#FFEL Stafford Unsubsidized Status Code ID as of 09/01/99 Outstanding Bal. $123,456 as of 09/02/96	$123,456	09/01/94	12/01/94	734	00132100	07	830906	LEN
#Federal Perkins Status Code DL as of 01/01/96 Outstanding Bal. $123,456 as of 02/01/99	$123,456	09/01/93	01/01/94	N/A	00132300	07	00132300	SCH
#FFEL Stafford Subsidized Status Code RP as of 02/01/99 Outstanding Bal. $123,456 as of 02/01/99	$123,456	01/04/93	12/01/93	620	00132800	07	620	GA
#Federal Perkins Status Code DB as of 09/01/99 Outstanding Bal. $123,456 as of 02/01/99	$123,456	01/01/88	05/26/88	N/A	00132500	07	00132500	SCH
#FFEL Stafford Non-Subsidized Status Code DT as of 09/01/99 Outstanding Bal. $123,456 as of 02/01/99	$123,456	N/A	N/A	555	00132900	07	05	EDR
#FFEL Stafford Unsubsidized Status Code DB as of 05/01/99 Outstanding Bal. $123,456 as of 02/02/99	$123,456	N/A	N/A	555	00132700	07	04	EDR

Access NSLDS for additional loan records.

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1999-2000 Student Aid Report
Federal Student Aid Programs
Part 2 - Information Review Form

OMB No. 1840-0132
Form Approved
EXP. 12/31/2000

Processed: 01-30-1999
EFC: 300

- Pay special attention to any items in **BOLDFACE TYPE**; they may need to be corrected.
- To correct any item, print the correct answer in the boxes to the right of the item in question.
- To delete a preprinted answer in the "YOU TOLD US" column, draw a line completely through the previous answer and through the answer boxes or ovals to the right of the item.
- Use the code information on the Instructions and Codes page if you need to correct item 30.
- If you make corrections, sign and send BOTH pages of Part 2 to the address on the last page of Part 2.
- Do not attach tax or any other forms.
- If an answer is zero, write in "0".
- Report dollar amounts (such as $12,356.00) like this: **SAMPLE** ➡ $ 1 2 3 5 6 (no cents)
- If you need to correct an item that contains an oval ○, completely fill in the oval as follows: ●
  Do not ⊗ or ✓ ovals. Erase or white-out mistakes completely.
- Print corrections neatly in answer boxes: **SAMPLE** ➡ A B C D 1 2 3

991-23-4567
AN-01 DRN: 6234

Step One: YOU (THE STUDENT)

YOU TOLD US	WRITE IN INFORMATION FOR NEW OR CORRECTED ITEMS ONLY.
1. Last Name ANDERSON	
2. First Name JULIE	3. Middle Initial A
4. Permanent Street Address WANNAGOA WAY	
5. City MAINTOWN	
6. State Abbreviation MA	7. ZIP Code 00180
8. Social Security Number 991-23-4567	– –
9. Date of Birth OCTOBER 19, 1980	/ / 1 9 Use MM/DD/CCYY format (e.g., 05/01/1980)
10. Permanent Home Phone Number (435) 555-4584	–
11. Do you have a Driver's License? YES	Yes ○ 1 No ○ 2
12. Driver's License Number 991-23-4567	
13. Driver's License State Abbreviation MA	
14. Citizenship Status U.S. CITIZEN	U.S. Citizen ○ 1 Eligible Non-Citizen ○ 2 Neither ○ 3
15. Alien Registration Number (BLANK)	A
16. Marital Status SINGLE	Single, Widowed or Divorced ○ 1 Married ○ 2 Separated ○ 3
17. Date of Marital Status (BLANK)	/ Use MM/CCYY format (e.g., 05/1996)

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YOU TOLD US	WRITE IN INFORMATION FOR NEW OR CORRECTED ITEMS ONLY.
18. Summer Term 1999 (BLANK)	Full time ○ 1 3/4 time ○ 2 Half time ○ 3 Less than half time ○ 4 Not attending ○ 5
19. Fall Semester or Quarter 1999 FULL TIME	Full time ○ 1 3/4 time ○ 2 Half time ○ 3 Less than half time ○ 4 Not attending ○ 5
20. Winter Quarter 1999-2000 (BLANK)	Full time ○ 1 3/4 time ○ 2 Half time ○ 3 Less than half time ○ 4 Not attending ○ 5
21. Spring Semester or Quarter 2000 FULL TIME	Full time ○ 1 3/4 time ○ 2 Half time ○ 3 Less than half time ○ 4 Not attending ○ 5
22. Summer Term 2000 (BLANK)	Full time ○ 1 3/4 time ○ 2 Half time ○ 3 Less than half time ○ 4 Not attending ○ 5
23. Father's Educational Level UNKNOWN	Middle school/Jr. High ○ 1 High school ○ 2 College or beyond ○ 3 Other/Unknown ○ 4
24. Mother's Educational Level HIGH SCHOOL	Middle school/Jr. High ○ 1 High school ○ 2 College or beyond ○ 3 Other/Unknown ○ 4
25. State of Legal Residence Abbreviation MA	☐☐
26. Did you become a legal resident of this state before January 1, 1994? YES	Yes ○ 1 No ○ 2
27. If you answered "No" to question 26, date you became a legal resident (BLANK)	☐☐ / ☐☐☐☐ Use MM/CCYY format (e.g., 05/1980)
28. Are you male? NO	Yes ○ 1 No ○ 2
29. If you are male, 18-25, not registered, do you want Selective Service to register you? (BLANK)	Yes ○ 1 No ○ 2
30. Type of Degree/Certificate 1ST BA	☐ Enter Code from Instructions
31. Grade Level In College In 1999-2000? 1st yr. NEVER ATTENDED	1st yr. Never Attended ○ 1 1st yr. Previously Attended ○ 2 2nd yr. Sophomore ○ 3 3rd yr. Junior ○ 4 4th yr. Senior ○ 5 5th yr. or More ○ 6 Graduate/Professional ○ 7
32. High School Diploma or GED? YES	Yes ○ 1 No ○ 2
33. First Bachelor's Degree by 7-1-1999? NO	Yes ○ 1 No ○ 2
34. Interested in Student Loans? YES	Yes ○ 1 No ○ 2
35. Interested in Work-Study? *b0W YES	Yes ○ 1 No ○ 2
36. How Many Months Receive VA Benefits? *b0W	☐☐
37. Monthly VA benefits amount W $ *b0W	$ ☐☐☐
38. Filed 1998 IRS Income Tax Return WILL FILE	Have already filed ○ 1 Will file, have not yet filed ○ 2 Not going to file ○ 3

YOU TOLD US	WRITE IN INFORMATION FOR NEW OR CORRECTED ITEMS ONLY.
39. Type of 1998 Tax Form Used 1040A/EZ/TEL	A. IRS 1040 ○ 1 B. IRS 1040A, 1040 EZ, 1040 Telefile ○ 2 C. A foreign tax return ○ 3 D. A tax return for Puerto Rico, Guam, American Samoa, the Virgin Islands, Marshall Islands, the Federated States of Micronesia, or Palau ○ 4
40. If you filed or will file a 1040, were you eligible to file a 1040A or 1040EZ? (BLANK)	Yes ○ 1 No/don't know ○ 2
41. Adjusted Gross Income From IRS Form $ 003125	$ ☐☐☐☐☐☐
42. U.S. Income Tax Paid $ 00000	$ ☐☐☐☐☐
43. Exemptions Claimed 00	☐☐
44. Earned Income Credit $ (BLANK)	$ ☐☐☐☐☐
45. Student's Income Earned From Work $ 003125	$ ☐☐☐☐☐☐
46. Spouse's Income Earned From Work $ (BLANK)	$ ☐☐☐☐☐☐
47. Amount From Worksheet A $ (BLANK)	$ ☐☐☐☐☐
48. Amount From Worksheet B $ (BLANK)	$ ☐☐☐☐☐
49. Cash, Savings, and Checking $ 000100	$ ☐☐☐☐☐☐
50. Net Worth of Real Estate/Investments $ (BLANK)	$ ☐☐☐☐☐☐
51. Net Worth of Business $ (BLANK)	$ ☐☐☐☐☐☐
52. Net Worth of Investment Farm $ (BLANK)	$ ☐☐☐☐☐☐

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Step Two: STUDENT STATUS

DRN: 6234

YOU TOLD US	WRITE IN ONLY NEW OR CORRECTED INFORMATION.
53. Born Before 1-1-1976? NO	Yes ○ 1 No ○ 2
54. Working on a degree beyond a bachelor's degree in 1999-2000? NO	Yes ○ 1 No ○ 2
55. Are You Married? NO	Yes ○ 1 No ○ 2
56. Orphan or Ward of Court? NO	Yes ○ 1 No ○ 2

YOU TOLD US	WRITE IN ONLY NEW OR CORRECTED INFORMATION.
57. Veteran of U.S. Armed Forces? NO	Yes ○ 1 No ○ 2
58. Have Dependents Other Than Spouse? NO	Yes ○ 1 No ○ 2

Step Three: STUDENT HOUSEHOLD INFORMATION

59. Number of Family Members in 1999-2000 01	
60. Number in College in 1999-2000 1	

Step Four: PARENT(S) INFORMATION

61. Parent(s) Filed 1998 IRS Income Tax Return WILL FILE	Have already filed ○ 1 Will file, have not yet filed ○ 2 Not going to file ○ 3
62. Type of 1998 Tax Form Used IRS 1040A/EZ/TEL	A. IRS 1040 ○ 1 B. IRS 1040A, 1040 EZ, 1040 Telefile ○ 2 C. A foreign tax return ○ 3 D. A tax return for Puerto Rico, Guam, American Samoa, the Virgin Islands, Marshall Islands, the Federated States of Micronesia, or Palau ○ 4
63. If your parent(s) filed or will file a 1040, were they eligible to file a 1040A or 1040EZ? (BLANK)	Yes ○ 1 No/don't know ○ 2
64. Adjusted Gross Income From IRS Form $ 020000	$
65. U.S. Income Tax Paid $ 001298	$
66. Exemptions Claimed 02	
67. Earned Income Credit $ 02210	$
68. Father's Income Earned From Work $ (BLANK)	$
69. Mother's Income Earned From Work $ 020000	$
70. Amount From Worksheet A $ 04800	$
71. Amount From Worksheet B $ (BLANK)	$
72. Cash, Savings, and Checking $ 000100	$
73. Net Worth of Real Estate/Investments $ 000000	$
74. Net Worth of Business $ 000000	$
75. Net Worth of Investment Farm $ 000000	$

YOU TOLD US	WRITE IN ONLY NEW OR CORRECTED INFORMATION.
76. Parent(s) Marital Status DIVORCED/SEPARATED	Married ○ 1 Single ○ 2 Divorced/Separated ○ 3 Widowed ○ 4
77. Parent(s) Number of Family Members in 1999-2000 02	
78. Number of Family Members in College in 1999-2000 1	
79. Parent(s) State of Legal Residence MA	
80. Parent(s) Legal Resident of the State Before 1-1-1994? YES	Yes ○ 1 No ○ 2
81. If no to question 80, enter the date parent became legal resident.	–
82. Age of Older Parent 45	

56

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Step Five: RELEASES

Housing Plans: 1 -- on-campus 2 -- off-campus 3 -- with parent(s)

YOU TOLD US	NEW/CORRECTED COLLEGE NAME, CITY, STATE	Enter Code From Above ↕	
83. First College Name, City and State IVY UNIVERSITY 2000 LEAGUE ST, BROOKSIDE, MA 02218		84. Housing Plans ON CAMPUS	
85. Second College Name, City and State TOWER COLLEGE 1019 CITYSIDE DR, BOSTON, MA 02100		86. Housing Plans ON CAMPUS	
87. Third College Name, City and State SKY COMMUNITY COLLEGE 400 BIG SKY DR, GREAT SKY, MT 59700		88. Housing Plans ON CAMPUS	
89. Fourth College Name, City and State		90. Housing Plans (BLANK)	
91. Fifth College Name, City and State		92. Housing Plans (BLANK)	
93. Sixth College Name, City and State		94. Housing Plans (BLANK)	
95. Date Completed JANUARY 27, 1999	DO NOT CORRECT		
96. Signed By? STUDENT AND PARENT	DO NOT CORRECT		
97. Preparer's Social Security Number	☐☐☐ – ☐☐ – ☐☐☐☐		
98. Preparer's EIN	☐☐ – ☐☐☐☐☐☐☐		
99. Preparer's Signature			

Application Receipt Date: 01/28/1999

Step Six: SIGNATURES

IF YOU MADE NO CHANGES

- Do NOT send your SAR to either address given on this page.
- Follow the instructions on Part 1 of your SAR. You may need to contact your school.

IF YOU MADE CHANGES

- Read and Sign the Certification statement to the right
- Send BOTH pages of Part 2 to:

Federal Student Aid Programs
P.O. Box 7023
Lawrence, KS 66044--7023

IF YOU NEED ANOTHER COPY OF YOUR SAR

- Write to:

Federal Student Aid Programs
P.O. Box 7024
Lawrence, KS 66044-7024

- Include your name, social security number, and signature.

School Use Only

Professional Judgment

D/O 1 ○ 2 ○ FAA EFC Adjustment ○ 1

Federal School Code ☐☐☐☐☐☐

FAA Signature
1

You must read this Certification and sign below.

CERTIFICATION

All of the information on this SAR is true and complete to the best of my knowledge. If I am asked, I agree to give proof that my information is correct. This proof might include a copy of the 1998 U.S. Income Tax Form filed by me or my family. I understand that if I purposely give false or misleading information on this SAR, I may be subject to a $10,000 fine, a prison sentence, or both.

Student Signature

1 Student Date

JULIE A. ANDERSON

Parent Signature (one parent whose information is provided in Step Four.)

2 Parent Date

MDE Use Only

DE ☐ Special Handle ☐ ☐☐☐☐☐☐☐☐☐

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1999 – 2000 SAR
INSTRUCTIONS AND CODES

HELPFUL HINTS:

Use the following checklist to ensure you've done everything necessary in order to apply for Federal student aid.

☐ Read all the comments on Part 1 of your SAR. This will help you to correct any information we had questions about when we processed your financial aid application.

☐ Review ALL the items on Part 2 of your SAR to make sure that the information is correct. Follow the instructions at the top of Part 2.

☐ If you need to make corrections or respond to boldface items, contact your financial aid office to determine if your school can submit these corrections electronically. Electronic processing is faster.

☐ If you've made any corrections on this SAR that need to be processed, you (and your parent, if necessary) must sign the certifications located on the last page of this SAR and return your SAR to Federal Student Aid Programs, P.O. Box 7023, Lawrence, KS 66044-7023. Keep a copy of your SAR for your records.

☐ If you believe we entered your data incorrectly, contact the Federal Student Aid Information Center on 1-800-4FED-AID (1-800-433-3243). The information specialist will determine if we made a data entry error. If so, the specialist may be able to correct your data over the phone.

☐ If you (and your family) have unusual circumstances, such as tuition expenses at an elementary or secondary school, unusual medical or dental expenses not covered by insurance, a family member who recently became unemployed, or changes in income or assets that affect your eligibility for financial aid, contact your financial aid office.

☐ Do not send any documentation (including tax forms) to the address next to your signature. This documentation will be discarded. If your financial aid administrator (FAA) requests documentation, send it directly to the financial aid office.

☐ If you only need to change your address or change the schools you have listed, you can make these changes over the telephone by calling 1-319-337-5665. Only you (the applicant) can make this request and you must have the Data Release Number (DRN) that is printed on Part 1 and Part 2 of your SAR when you call.

CODES FOR QUESTION 30: TYPE OF DEGREE/CERTIFICATE

1	1st Bachelor's degree
2	2nd Bachelor's degree
3	Associate degree (occupational or technical program)
4	Associate degree (general education or transfer program)
5	Certificate or diploma for completing an occupational, technical, or educational program less than two years
6	Certificate or diploma for completing an occupational, technical, or educational program of at least two years
7	Teaching credential program (non-degree program)
8	Graduate or professional degree
9	Other/Undecided

NEED HELP?

If you do not know how to answer a question, want further assistance correcting your SAR, want to know the status of the submission of your application, need general information concerning student financial aid, or do not understand what to do next, you have several options:

- Refer to the instructions that came with your application;
- Call 1-800-4FED-AID (1-800-433-3243); (TDD = 1-800-730-8913);
- Write to Federal Student Aid Programs, P.O. Box 84, Washington, DC 20044-0084;
- Contact the financial aid office at the school you plan to attend; or
- Visit our website at www.ed.gov/finaid.html

ATTENTION: Did you know that you could file your *FAFSA* or *RENEWAL FAFSA on the Web*? Next year you can file your form electronically by going to:

www.fafsa.ed.gov

THE OFFICE OF MANAGEMENT & BUDGET WANTS YOU TO KNOW:

- According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1840-0132. The time required to complete this information collection is estimated to be an average of 15 to 30 minutes, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collected. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form please write to: U.S. Department of Education, Washington, DC 20202-4651. If you have any comments or concerns regarding the status of your individual submission of this form, write directly to: Federal Student Aid Information Center, P.O. Box 84, Washington, DC 20044.
- By answering questions 83 through 94, and signing the Free Application for Federal Student Aid, you gave permission to the U.S. Department of Education to provide information from your application to the college(s) listed in Step 5. You also agreed that such information is deemed to incorporate by reference the certification statement in step 6 of the financial aid application.

WARNING: As more fully set forth in Section 5301 of the Anti-Drug Abuse Act of 1988, if you are convicted of drug distribution or possession, your eligibility for Title IV student financial aid is subject to suspension or termination.

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Information Acknowledgement
1999-2000 Student Aid Report (SAR)
Federal Student Aid Programs

OMB No. 1840-0132
Form Approved
Exp. 12/31/2000

DRAFT

1. LAST NAME	
2. FIRST NAME	
3. MIDDLE INITIAL	
4. PERMANENT STREET ADDRESS	
5. CITY	
6. STATE ABBREVIATION	
7. ZIP CODE	
8. SOCIAL SECURITY NUMBER	
9. DATE OF BIRTH	
10. PERMANENT HOME PHONE NUMBER	
11. DO YOU HAVE A DRIVER'S LICENSE?	
12. DRIVER'S LICENSE NUMBER	
13. DRIVER'S LICENSE STATE ABBREVIATION	
14. CITIZENSHIP STATUS	
15. ALIEN REGISTRATION NUMBER	
16. MARITAL STATUS	
17. DATE OF MARITAL STATUS	
18. ENROLLMENT STATUS SUMMER TERM 1999	
19. ENROLLMENT STATUS FALL SEM/QTR 1999	
20. ENROLLMENT STATUS WINTER QTR 99-2000	
21. ENROLLMENT STATUS SPRING SEM/QTR 2000	
22. ENROLLMENT STATUS SUMMER TERM 2000	
23. FATHER'S EDUCATION LEVEL	
24. MOTHER'S EDUCATION LEVEL	
25. STATE OF LEGAL RESIDENCE ABBREVIATION	
26. LEGAL RESIDENT BEFORE JANUARY 1, 1994?	
27. DATE YOU BECAME A LEGAL RESIDENT	
28. ARE YOU MALE?	
29. REGISTER YOU FOR SELECTIVE SERVICE?	
30. TYPE OF DEGREE/CERTIFICATE	
31. GRADE LEVEL IN COLLEGE IN 1999-2000	
32. HIGH SCHOOL DIPLOMA OR GED?	
33. FIRST BACHELOR'S DEGREE BY 7-1-1999?	
34. INTERESTED IN STUDENT LOANS?	
35. INTERESTED IN WORK-STUDY?	
36. HOW MANY MONTHS RECEIVE VA BENEFITS?	
37. MONTHLY VA BENEFITS AMOUNT	$
38. FILED 1998 IRS INCOME TAX RETURN	
39. TYPE OF 1998 TAX FORM USED	
40. ELIGIBLE TO FILE A 1040A OR 1040EZ?	
41. ADJUSTED GROSS INCOME FROM IRS FORM	$
42. U.S. INCOME TAX PAID	$
43. EXEMPTIONS CLAIMED	
44. EARNED INCOME CREDIT	$
45. STUDENT'S INCOME EARNED FROM WORK	$
46. SPOUSE'S INCOME EARNED FROM WORK	$
47. AMOUNT FROM WORKSHEET A	$
48. AMOUNT FROM WORKSHEET B	$
49. CASH, SAVINGS, AND CHECKING	$
50. NET WORTH OF REAL ESTATE/INVESTMENTS	$

51. NET WORTH OF BUSINESS	$
52. NET WORTH INVESTMENT FARM	$
53. BORN BEFORE 1-1-1976?	
54. WORKING ON DEGREE BEYOND BACHELOR'S?	
55. ARE YOU MARRIED?	
56. ORPHAN OR WARD OF COURT?	
57. VETERAN OF U.S. ARMED FORCES?	
58. HAVE DEPENDENTS OTHER THAN SPOUSE?	
59. NUMBER OF FAMILY MEMBERS IN 1999-2000	
60. NUMBER IN COLLEGE IN 1999-2000	
61. PARENT(S) FILED 1998 INCOME TAX RETURN	
62. TYPE OF 1998 TAX FORM USED	
63. ELIGIBLE TO FILE A 1040A OR 1040EZ?	
64. ADJUSTED GROSS INCOME FROM IRS FORM	$
65. U.S. INCOME TAX PAID	$
66. EXEMPTIONS CLAIMED	
67. EARNED INCOME CREDIT	$
68. FATHER'S INCOME EARNED FROM WORK	$
69. MOTHER'S INCOME EARNED FROM WORK	$
70. AMOUNT FROM WORKSHEET A	$
71. AMOUNT FROM WORKSHEET B	$
72. CASH, SAVINGS, AND CHECKING	$
73. NET WORTH OF REAL ESTATE/INVESTMENTS	$
74. NET WORTH OF BUSINESS	$
75. NET WORTH OF INVESTMENT FARM	$
76. PARENT(S) MARITAL STATUS	
77. NUMBER OF FAMILY MEMBERS IN 1999-2000	
78. NUMBER IN COLLEGE IN 1999-2 000	
79. PARENT(S) STATE OF LEGAL RESIDENCE	
80. LEGAL RESIDENT BEFORE JANUARY 1, 1994?	
81. DATE PARENT(S) BECAME LEGAL RESIDENT	
82. AGE OF OLDER PARENT	
83. FIRST COLLEGE NAME	
84. FIRST HOUSING STATUS	
85. SECOND COLLEGE NAME	
86. SECOND HOUSING STATUS	
87. THIRD COLLEGE NAME	
88. THIRD HOUSING STATUS	
89. FOURTH COLLEGE NAME	
90. FOURTH HOUSING STATUS	
91. FIFTH COLLEGE NAME	
92. FIFTH HOUSING STATUS	
93. SIXTH COLLEGE NAME	
94. SIXTH HOUSING STATUS	
95. DATE COMPLETED	
96. SIGNED BY	
97. PREPARER'S SOCIAL SECURITY NUMBER	
98. PERPARER'S EIN	
99. PERPARER'S SIGNATURE	

Processing Results

Record Type:
Verification Trans. Flag:
Verification Tracking Flag:
Application Receipt Date:
Transaction Process Date:
Transaction Receipt Date:
System Generated Indicator:

Expected Family Contribution: Primary
Secondary
Automatic Zero EFC Flag:
Formula Type:
Simplified Needs Test Flag:
FAA EFC Adjustment:

Dependency Status Model:
Dependency Override:
Duplicate Request Indicator:
Hold Code:
Subsequent Application Flag:
Pell Eligible Flag:

SSN Match Flag:
INS Match Flag:
NSLDS Match Flag:
VA Match Flag:

Selective Service Registration Flag:
INS Verification #:
NSLDS Results Flag:

Selective Service Match:
SSA Citizenship Code:
NSLDS Transaction Number:

Reject Code(s):
Comment Codes:

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1999-2000 Institutional Student Information Record

Student ID	556-88-1003 BL 01
STEP ONE (THE STUDENT) (Q1-Q52)	
Name	CINDY BLACK
Address:	51017 PHILLIPSWAY STERLING PA 44001
Social Security Number	556-88-1003
Date of Birth	03/27/1968
Permanent Home Phone #	(510)555-1234
Have Driver's License?	1
Driver's Lic	OH000-00-00005-OH
Citizenship Sts	U.S. Citizen
Alien Registration Number	
Marital Status	UNMARRIED
Date of Marital Status	
Enrollment Sts Summ 1999	
Enrollment Sts Fall 1999	FULL TIME
Enrollment Sts Wint 2000	
Enrollment Sts Spr 2000	FULL TIME
Enrollment Sts Summ 2000	
Father's Educational Level	COLLEGE
Mother's Educational Level	COLLEGE
State of Legal Residence	OH
Legal Resident before 1-1-1994?	YES
If No, Date of Legal Res.	
Are You Male?	NO
Register for Selective Service?	
Degree/Cert	CERT/DIPL>2
Yr in Coll 1999-2000	1st YR NEVER ATT
Have HS Diploma/GED?	YES
Bachelor's Degree by 7-1-1999?	NO
Interested in Student Loans?	YES
Interested in Work Study?	YES
No. of Months VA Benefits Received	0
Amount Per Month of VA Benefits	0
1998 Tax Form Filed Status	NOTFILING
Type of 1998 Tax Form Used	
Eligible to File 1040A or 1040EZ?	YES
Student and Spouse 1998 AGI	0
Student and Spouse 1998 Tax	0
Student and Spouse 1998 Exemptions	
Earned Income Credit	0
Student's Income from Work	0
Spouse's Income from Work	0
Amt from Worksheet A	600
Amt form Worksheet B	0

EFC DRAFT	0 C
Dependency Status	INDEPENDENT
Cash, Savings, and Checking	0
Net Worth of Investments	0
Net Worth of Business	0
hNet Worth of Investment Farm	0
STEP TWO (THE STUDENT) (Q53 - Q58)	
*Born Before 1-1-1976?	YES
Enrolled Grad/Prof Prog 1999-2000	NO
Are you Married?	NO
Orphan or Ward of the Court	NO
Veteran of U.S. Armed Forces	NO
hDependents Other Than Spouse?	NO
STEP THREE (Q59 - Q60) STUDENT (AND SPOUSE)	
*Number in Household	01
*Number in College in 1999-2000	1
STEP FOUR (PARENTS) (Q61 - Q82)	
1998 Tax Form Filed Status	FILED
Type of 1998 Tax Form Used	1040A/EZ/TE
Eligible to File 1040A or 1040EZ?	YES
Parent's 1998 AGI	11000
Parent's 1998 Tax	520
Parent's 1998 Exemptions	03
Earned Income Credit	0
Father's Income from Work	0
Mother's Income from Work	11000
Amt from Worksheet A	18000
Amt from Worksheet B	0
Cash, Savings, and Checking	0
Net Worth of Investments	0
Net Worth of Business	0
Net Worth of Investment Farm	0
Marital Status	WIDOWED
Number in Household	03
Number in College in 1999-2000	2
State of Legal Residence	OH
Legal Residents before 1-1-1994?	YES
If No, Date of Legal Res	
Age of Older Parent	

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                    1999-2000 Institutional Student Information Record

Student ID                  556-88-1003 BL 01   EFC                                   0 C
Last Name                               BLACK
STEP 5 (Q83-Q94)
College 1   001002  House 1
College 2           House 2
College 3           House 3
College 4           House 4                     OFFICE INFORMATION
College 5           House 5                     DRN
College 6           House 6                     Primary EFC Type                        5
                                                Secondary EFC Type                      2
STEP 6 (Q95-Q99)                                Processed Date                 01/18/1999
Date Application Completed         01/24/1999   Application Source
Student Signature                      SIGNED   ISIR Transaction Type      AUTOMATIC ISIR
Parent Signature                       SIGNED   Institution Number                 001002
Preparer's SSN                                  Reject Override Codes:
Preparer's EIN                                  B   N   W
Preparer's Signature                            Assumption Override Codes:
                                                1   2   3   4   5   6   7
-------------------------------------------------------------------------------------------
FAA INFORMATION                                 Early Analysis Flag
Date ISIR Received                 12/09/1998   Rejects Met:
Verification Type                               Verification Flag                       2
System Generated Indicator                      Dependency Override
FAA EFC Adjustment Flag                         Duplicate Request
Date Application Received          02/01/1999   Correction # Applied to
Reprocessing Code                               Transaction Receipt Date

Pell Paid EFC     PRIMARY  Pell Elig Flag          Y             Intermediate Values
Primary EFC             0  Secondary EFC           0             TI         600 APA
Mon 1      0 Mon 7      0  Mon 1      0 Mon 7      0             FTI        600 PCA
Mon 2      0 Mon 8      0  Mon 2      0 Mon 8      0             ATI       4280 AAI
Mon 3      0 Mon 10     0  Mon 3      0 Mon 10     0             STX         30 TPC
Mon 4      0 Mon 11     0  Mon 4      0 Mon 11     0             IPA       4250 TSC
Mon 5      0 Mon 12     0  Mon 5      0 Mon 12     0             EA           0 PC
Mon 6      0               Mon 6      0                          AI       -3680 SIC
                                                                 DNW            CAI   -1840
                                                                 SCA
                                                                 STI
Auto Zero EFC Flag                                               Subsequent App Flag
SNT Flag              YES

Match Flags: SSN 3  SSA    INS    PRI    DED    SS    NSLDS 4  VA
             INS Ver. No.                      SS Registration Flag
             NSLDS Transaction Number    1     NSLDS Database Results Flag  1

Comments:    006,149,117,118,061,062,152,130,134,124
             041,116
```

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                    1999-2000 Institutional Student Information Record
CINDY BLACK
556-88-1003
1999-2000 NSLDS FINANCIAL AID HISTORY                              Processed: 01/18/1999
This page contains your previous financial aid information, which is contained in the
National Student Loan Data System (NSLDS).  Your Financial Aid Administrator will use
it to determine your eligibility.
*************************************************************************************
#Overpayment: Contact:  Defaulted Loans:Y  Discharged:N  Loan Sat. Repay:N  Active Bank:Y
Pell:      Y   04
FSEOG:     N   N/A
Perkins:   N   N/A
*************************************************************************************
Aggregate Amount                      Outstanding    Pending        Total:
 FFELP/Direct Loans:                  Prin. Bal.:    Disb(s):
Subsid Loans:                         $  1,514       $    N/A       $  1,514
Combined Loans:                       $  1,514       $    N/A       $  1,514
FFEL Consol. Loans:                   $     N/A                     $     N/A
 Perkins Loans:
Outstanding Principal Bal.:      $    N/A  Current Year Loan Amount:  $      N/A
First Disbursement Prior To 10/1/1992: N
*************************************************************************************
 1999-2000 Pell Payment Data:
Sch.Code:            Tran:   Sch.Amt:      Disb.Amt       Rem.Amt:         %Sch.Used:
As Of:               Pell Verification Flag:   EFC:
Sch.Code:            Tran:   Sch.Amt:      Disb.Amt       Rem.Amt:         %Sch.Used:
As Of:               Pell Verification Flag:   EFC:
Sch.Code:            Tran:   Sch.Amt:      Disb.Amt       Rem.Amt:         %Sch.Used:
As Of:               Pell Verification Flag:   EFC:
*************************************************************************************
Loan Detail:                     Net Loan   Begin       End      GA   School    Grade   Contact/
                                 Amount     Date        Date     Code  Code     Level   Cntct Type

 Direct Stafford Subsidized  $      900 08/31/1998 05/07/1999 N/A 00132100     A        32100
Status Code ID as of 08/31/1998                                                          DLS
Outstanding Bal. $900 as of 09/30/1998

 Direct Stafford Subsidized  $  2,750 08/29/1994 12/16/1994 N/A 00132800     G        32100
Status Code DO as of 06/29/1997 ,                                                        DLS
Outstanding Bal. $614 as of 08/31/1998
```

Checkpoint #2: Output Documents

Fill in the blanks using the correct letter from the choices below. Each choice is used only once.

a) Central Processing System (CPS)
b) Data Release Number (DRN)
c) EDExpress
d) Student Aid Report (SAR)
e) SAR Information Acknowledgement (IA)
f) Information Request Form
g) Information Review Form
h) ISIR
i) Pell-Eligible
j) Pell-Ineligible
k) Rejected

After submitting her FAFSA using FAFSA on the Web, Fran received her _____, which was ______ because her EFC was too high. She discovered that she had forgotten to list one school, Simon College, so she had to resubmit her data to the _____ for reprocessing. Soon, Simon College received a(n) _____ for Fran.

Richard's SAR came back with an EFC of 0. Since he has yet to receive a bachelor's degree, his SAR is _____. Richard noticed that he spelled the name of his street wrong, so he wrote the correction on Part 2 of the SAR, which was a(n) _____.

Instead of sending the FAFSA himself, Dustin took his FAFSA to the school. The school entered the data using _____. Soon, Dustin received his _____.

Jessica submitted a paper FAFSA. She forgot to include several items, so she received no EFC. Her SAR was _____. Part 2 of her SAR was a(n) _____. Her school told her they could submit her changes for her if she supplied the school with her _____.

Resources

- *The 1999-00 High School Counselor's Handbook*
- *A Guide to 1999-00 SARs and ISIRs* (GEN-98-30)
- The 1999-00 FAFSA
- FAFSA on the Web at http:\\www.fafsa.ed.gov
- FAFSA Express: call 1-800-801-0576 to order or download from: http:\\www.ed.gov/offices/OPE/express.html
- Action Letter #3 (GEN-98-26) (application processing)

Answer Key

Tony's Questions

1) She should not include her ARN. She should just mark U.S. citizen for #15.
2) He should indicate on the FAFSA the status of his marriage on the day he completes the form.
3) Certain state and private agencies award scholarships for first-generation postsecondary school students.
4) Tony should still mark "1st year, Never Attended."
5) Tony should say yes to all loan sources. He can always refuse them later.
6) He should estimate. If the real amounts differ, he can correct his data later.
7) His friend is a veteran. Only a dishonorable discharge would preclude him from being a veteran.
8) Tony should use his mom's tax information, since Tony lived with her the most over the past year. If he had lived with both parents equally, he would have included the parent who covered the most expenses for him.
9) Tina *must* get her stepmother's financial data in order to complete the FAFSA.
10) Sam should still use his parents' financial information.
11) The amount Howie's aunt spends on his food and shelter (in-kind support) should not be included as income. However, the amount to cover his car payment (cash support) should be included as untaxed income.
12) Since his sister is part of his immediate family, she is included because his parents provide more than half of her expenses.
13) Tony's girlfriend would include Tony in her household size since she is covering more than half of his expenses and he is living under her roof.
14) The order of the colleges does not matter.
15) A preparer is someone who actually fills out the form in place of the student, not someone who simply helps the student understand the questions, so you should not fill out Step Six.

Checkpoint #1 – Types of FAFSAs

1) **F**
2) **T**
3) **T**
4) **F**
5) **T**
6) **T**
7) **F**

Answer Key (cont'd)

Checkpoint #2: Output Documents

After submitting her FAFSA using FAFSA on the Web, Fran received her **SAR**, which was **Pell-Ineligible** because her EFC was too high. She discovered that she forgot to list one school, Simon College, so she had to resubmit her data to the **CPS** for reprocessing. Soon, Simon College received a(n) **ISIR** for Fran.

Richard's SAR came back with an EFC of 0. Since he has yet to receive a bachelor's degree, his SAR is **Pell-Eligible**. Richard noticed that he spelled the name of his street wrong, so he wrote the correction on Part 2 of the SAR, which was a(n) **Information Review Form**.

Instead of sending the FAFSA himself, Dustin took his FAFSA to the school. The school entered the data using **EDExpress**. Soon, Dustin received his **SAR IA**.

Jessica submitted a paper FAFSA. She forgot to include several items, so she received no EFC. Her SAR was **rejected**. Part 2 of her SAR was a(n) **Information Request Form**. Her school told her they could submit her changes for her if she supplied the school with her **DRN**.

Session 4

How Much Aid Can The Student Get?

Questions we will answer during this session:

What is included in a student's Cost of Attendance (COA)?

How do you calculate a student's Expected Family Contribution (EFC)?

What is Estimated Financial Assistance (EFA)?

How do you calculate a student's need for financial aid?

How do you package financial aid?

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What is included in a student's cost of attendance (COA)?

Cost of Attendance	
Components	
Tuition and Fees	• actual or average costs can be used • tuition may differ for various student categories • fees may include: - rental or purchase of equipment, materials, & supplies required for all students in same course of study
Books and Supplies	• include if not already included as rental or purchase under tuition/fees • charges vary with programs • allowance proportional to course load and enrollment status
Transportation	• student may have allowances for commuting to school or travel between school and student's permanent residence
Personal Expenses	• examples include hygiene items (soap, shampoo, etc.), clothing, laundry, and recreation
Room and Board	• costs only for enrollment period and for individual student • student must be enrolled at least half time • include cost for school housing, or reasonable allowance for non-school housing (including living at home)

continued on next page

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Cost of Attendance

Components	
Dependent Care	• expenses for spouse, children, elderly parents needing care and living with student • care must be necessary for student to attend school • amount may vary with number & age of dependents • time periods covered include class time, field work, internships, commuting time, and other study-related activities
Study-Abroad Expenses	• for student enrolled overseas at least half time in program approved for credit by home institution • examples of costs include airfare, passport fee, immunization
Disability-Related Expenses	• for personal assistance, transportation, equipment/supplies and special medical expenses not provided by any other source, not available free, and required for student to be able to attend • student must be enrolled at least half-time
Employment Expenses for Cooperative Education	• student must be enrolled at least half-time • examples of expenses include uniforms, tools, and equipment
Student Loan Fees	• must include if student/parent borrower receives Direct, FFEL, or PLUS • school may use actual or average cost of loan fees • student must be enrolled at least half-time • school may include fees for conventional student loans as budget component

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COA Components for Specific Student Groups

Components	Incarcerated Students*	Less-Than-Half-Time Enrollment	Correspondence Study **
Tuition and fees	Yes	Yes	Yes
Room and board	No	No	Only for required period of residential training
Books, supplies, transportation, and miscellaneous personal expenses	Only books and supplies related to course of study	Only books, supplies, and transportation	Books, supplies, and only travel related to a required period of residential training
Dependent-care expenses	No	Yes	No
Disability-related expenses	No	No	No
Study-abroad expenses	No	No	No
Employment expenses related to cooperative education programs	No	No	No
Student loan fees (Federal Direct Loan and FFEL Programs)	No	No	No

* An incarcerated student is **ineligible** to receive a student loan. Further, students incarcerated in federal or state penal institutions may not receive a Pell Grant.

** A student is eligible for federal student financial aid for correspondence courses if the courses are part of a degree program and the school meets ED's acceptance criteria for the percentage of correspondence courses taught.

1999-2000 EFC FORMULA A: DEPENDENT STUDENT

SIMPLIFIED WORKSHEET
Page 1
A

PARENTS' INCOME IN 1998*		
1. Parents' Adjusted Gross Income (FAFSA/SAR #64)		
2. a. Father's income earned from work (FAFSA/SAR #68)	______	▨
2. b. Mother's income earned from work (FAFSA/SAR #69)	+ ______	▨
Total parents' income earned from work	= 2.	
3. Parents' Taxable Income (If tax filers, enter the amount from line 1 above. If non-tax filers, enter the amount from line 2.)*		▨
4. Untaxed income and benefits:		▨
• Earned Income Credit (tax filers only) (FAFSA/SAR #67)	______	▨
• Total from FAFSA Worksheet A (FAFSA/SAR #70)	+ ______	▨
Total untaxed income and benefits	= 4.	
5. Taxable and untaxed income (sum of line 3 and line 4)		
6. Total from FAFSA Worksheet B (FAFSA/SAR #71)	-	
7. TOTAL INCOME (line 5 minus line 6) May be a negative number.	=	

ALLOWANCES AGAINST PARENTS' INCOME		
8. 1998 U.S. income tax paid (FAFSA/SAR #65) (tax filers only); if negative, enter zero		
9. State and other tax allowance (Table A1. If negative, enter zero.)	+	
10. Father's Social Security tax (Table A2)	+	
11. Mother's Social Security tax (Table A2)	+	
12. Income protection allowance (Table A3)	+	
13. Employment expense allowance:		▨
• Two working parents: 35% of the lesser of the earned incomes, or $2,800, whichever is less		▨
• One-parent families: 35% of earned income, or $2,800, whichever is less		▨
• Two-parent families, one working parent: zero	+	
14. TOTAL ALLOWANCES	=	

AVAILABLE INCOME		
Total income (from line 7)		
Total allowances (from line 14)	-	
15. AVAILABLE INCOME (AI) May be a negative number	=	

PARENTS' CONTRIBUTION FROM ASSETS		
16. Cash, savings, & checking (FAFSA/SAR #72)		
17. Net worth of real estate & investments** (FAFSA/SAR #73) If negative, enter zero.		
18. Net worth of business (FAFSA/SAR #74) If negative, enter zero.		▨
19. Net worth of farm (FAFSA/SAR #75) If negative, enter zero. If the family resides on the farm, enter zero.		▨
20. Net worth of business/farm (sum of lines 18 and 19)		▨
21. Adjusted net worth of business/farm (Calculate using Table A4.)	+	
22. Net worth (sum of lines 16, 17, and 21)	=	
23. Education savings and asset protection allowance (Table A5)	-	
24. Discretionary net worth (line 22 minus line 23)	=	
25. Asset conversion rate	X	.12
26. CONTRIBUTION FROM ASSETS If negative, enter zero.	=	

PARENTS' CONTRIBUTION		
Available income (AI) (from line 15)		
Contribution from assets (from line 26)	+	
27. **Adjusted available income (AAI)** May be a negative number.	=	
28. **Total parents' contribution from AAI** (Calculate using Table A6; if negative, enter zero.)		
29. **Number in college in 1999-2000** (FAFSA/SAR #78)	÷	
30. **PARENTS' CONTRIBUTION** (standard contribution for 9-month enrollment)	=	

---

* STOP HERE if both of the following are true: line 3 is $12,000 or less, *and* the parents are eligible to file a 1998 IRS Form 1040A or 1040EZ (they are not required to file a 1998 Form 1040, or they are not required to file any income tax return)—the student's EFC is zero.

** Do not include the family's home.

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SIMPLIFIED WORKSHEET A
Page 2

STUDENT'S INCOME IN 1998	
31. Adjusted Gross Income (FAFSA/SAR #41)	
32. Income earned from work (FAFSA/SAR #45)	
33. Taxable Income (If tax filer, enter the amount from line 31 If non-tax filer, enter the amount from line 32.)	▨
34. Total from FAFSA Worksheet A (FAFSA/SAR #47)	
35. Taxable and untaxed income (sum of line 33 and line 34)	
36. Total from FAFSA Worksheet B (FAFSA/SAR #48) -	
37. TOTAL INCOME (line 35 minus line 36) May be a negative number. =	

ALLOWANCES AGAINST STUDENT INCOME	
38. 1998 U.S. income tax paid (FAFSA/SAR #42) (tax filers only); if negative, enter zero.	
39. State and other tax allowance (Table A7. If negative, enter zero.) +	
40. Social Security tax allowance (Table A2) +	
41. Income protection allowance +	2,200
42. TOTAL ALLOWANCES =	

STUDENT CONTRIBUTION FROM INCOME	
Total income (from line 37)	
Total allowances (from line 42) -	
43. Available income (AI) =	
44. Assessment of AI X	.50
45. STUDENT CONTRIBUTION FROM AI = If negative, enter zero.	

STUDENT CONTRIBUTION FROM ASSETS	
46. Cash, savings, & checking (FAFSA/SAR #49)	
47. Net worth of real estate & investments* (FAFSA/SAR #50) If negative, enter zero.	
48. Net worth of business (FAFSA/SAR #51) If negative, enter zero.	
49. Net worth of farm (FAFSA/SAR #52) If negative, enter zero. If the family resides on the farm, enter zero.	
50. Net worth (sum of lines 46 through 49) =	
51. Assessment rate X	.35
52. CONTRIBUTION FROM ASSETS =	

EXPECTED FAMILY CONTRIBUTION	
PARENTS' CONTRIBUTION (from line 30)	
STUDENT CONTRIBUTION FROM AI (from line 45) +	
STUDENT CONTRIBUTION FROM ASSETS (from line 52) +	
53. EXPECTED FAMILY CONTRIBUTION =	

* Do not include the student's home.

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NOTE: *Use this additional page to prorate the EFC only if the student will be enrolled for other than 9 months and only to determine the student's need for campus-based aid, a subsidized Federal Stafford Loan, or a subsidized Federal Direct Stafford Loan. Do not use this page to prorate the EFC for a Federal Pell Grant. The EFC for the Federal Pell Grant Program is the 9-month EFC used in conjunction with the cost of attendance to determine a Federal Pell Grant award from the Payment or Disbursement Schedule.*

SIMPLIFIED
WORKSHEET
Page 3
A

Calculation of Parents' Contribution for a Student Enrolled for LESS than 9 Months		
Parents' contribution (standard contribution for 9-month enrollment, from line 30)		
Divide by 9	÷	9
Parents' contribution per month	=	
Multiply by number of months enrollment	X	
Parents' contribution for LESS than 9-month enrollment *	=	

Calculation of Parents' Contribution for a Student Enrolled MORE than 9 Months		
a. Parents' adjusted available income (AAI) (from line 27—may be a negative number)		
b. Difference between the income protection allowance for a family of four and a family of five, with one in college	+	3,390
c. Alternate parents' AAI for more than 9-month enrollment (line a + line b)	=	
d. Total parents' contribution from AAI (calculate from Table A6, using alternate AAI)		
e. Number in college (FAFSA/SAR #78)	÷	
f. Alternate parents' contribution for student	=	
g. Standard parents' contribution for the student for 9-month enrollment (from line 30)	-	
h. Difference (line f minus line g)	=	
i. Divide line h by 12 months	÷	12
j. Parents' contribution per month	=	
k. Number of months student will be enrolled that exceed 9	X	
l. Adjustment to parents' contribution for months that exceed 9 (multiply line j by line k)	=	
m. Standard parents' contribution for 9-month enrollment (from line 30)	+	
n. **Parents' contribution for MORE than 9-month enrollment ***	=	

* Substitute the parents' contribution for LESS or MORE than 9-month enrollment in place of the parents' contribution for 9-month enrollment on EFC Formula Worksheet A, line 30.

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Table A1: State and Other Tax Allowance

for EFC Formula Worksheet A (parents only)

STATE	PERCENT OF TOTAL INCOME	
	$0-14,999	$15,000 or more
Alabama	5%	4%
Alaska	3%	2%
American Samoa	4%	3%
Arizona	6%	5%
Arkansas	6%	5%
California	8%	7%
Canada	4%	3%
Colorado	7%	6%
Connecticut	6%	5%
Delaware	8%	7%
District of Columbia	10%	9%
Federated States of Micronesia	4%	3%
Florida	4%	3%
Georgia	7%	6%
Guam	4%	3%
Hawaii	8%	7%
Idaho	7%	6%
Illinois	6%	5%
Indiana	6%	5%
Iowa	8%	7%
Kansas	7%	6%
Kentucky	7%	6%
Louisiana	4%	3%
Maine	9%	8%
Marshall Islands	4%	3%
Maryland	9%	8%
Massachusetts	9%	8%
Mexico	4%	3%
Michigan	9%	8%
Minnesota	9%	8%
Mississippi	5%	4%
Missouri	6%	5%
Montana	8%	7%
Nebraska	8%	7%
Nevada	3%	2%
New Hampshire	7%	6%
New Jersey	8%	7%
New Mexico	6%	5%
New York	11%	10%
North Carolina	8%	7%
North Dakota	6%	5%
Northern Mariana Islands	4%	3%
Ohio	8%	7%
Oklahoma	6%	5%
Oregon	10%	9%
Palau	4%	3%
Pennsylvania	7%	6%
Puerto Rico	4%	3%
Rhode Island	9%	8%
South Carolina	8%	7%
South Dakota	4%	3%
Tennessee	3%	2%
Texas	3%	2%
Utah	8%	7%
Vermont	8%	7%
Virgin Islands	4%	3%
Virginia	8%	7%
Washington	4%	3%
West Virginia	6%	5%
Wisconsin	10%	9%
Wyoming	3%	2%
Blank or invalid State	4%	3%
OTHER	4%	3%

Multiply parents' total income (from EFC formula Worksheet A, line 7) by the appropriate rate from the table above to get the "state and other tax allowance." Use the parents' STATE OF LEGAL RESIDENCE (FAFSA/SAR #79). If this item is blank or invalid, use the student's STATE OF LEGAL RESIDENCE (FAFSA/SAR #25). If both items are blank or invalid, use the STATE in the student's mailing address (FAFSA/SAR #6). If all three items are blank or invalid, use the rate for a blank or invalid state above.

Table A2: Social Security Tax

Calculate separately the Social Security tax of father, mother, and student.

Income Earned from Work *	Social Security Tax
$0 - $68,400	7.65% of income
$68,401 or greater	$5,232.60 + 1.45% of amount over $68,400

* Father's 1998 income earned from work is FAFSA/SAR #68.
Mother's 1998 income earned from work is FAFSA/SAR #69.
Student's 1998 income earned from work is FAFSA/SAR #45.
Social Security tax will never be less than zero.

Table A3: Income Protection Allowance

Number in parents' household, including student (FAFSA/SAR #77)	Number of college students in household (FAFSA/SAR #50)				
	1	2	3	4	5
2	$12,260	$10,160	———	———	———
3	15,260	13,180	$11,080	———	———
4	18,850	16,750	14,670	$12,570	———
5	22,240	20,140	18,060	15,960	$13,880
6	26,010	23,920	21,830	19,740	17,650

NOTE: For each additional family member, add $2,940.
For each additional college student, subtract $2,090.

Table A4: Business/Farm Net Worth Adjustment

for EFC Formula Worksheet A (parents only)

If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than $1	$0
$1 to $85,000	40% of net worth of business & farm
$85,001 to $260,000	$ 34,000 + 50% of excess over $85,000
$260,001 to $435,000	$121,500 + 60% of excess over $260,000
$435,001 or more	$226,500 + 100% of excess over $435,000

Table A5: Education Savings and Asset Protection Allowance

for EFC Formula Worksheet A (parents only)

AGE OF OLDER PARENT *	Allowance if there are two parents	Allowance if there is only one parent
25 or less	0	0
26	2,500	1,600
27	5,000	3,200
28	7,500	4,800
29	10,000	6,400
30	12,500	8,000
31	15,000	9,600
32	17,500	11,200
33	19,900	12,900
34	22,400	14,500
35	24,900	16,100
36	27,400	17,700
37	29,900	19,300
38	32,400	20,900
39	34,900	22,500
40	37,400	24,100
41	38,400	24,500
42	39,400	25,100
43	40,400	25,600
44	41,400	26,200
45	42,500	26,800
46	43,500	27,400
47	44,600	28,000
48	45,800	28,700
49	46,900	29,400
50	48,400	30,100
51	49,600	30,700
52	50,900	31,600
53	52,500	32,300
54	53,800	33,100
55	55,400	33,900
56	57,100	34,700
57	58,900	35,700
58	60,700	36,500
59	62,500	37,600
60	64,400	38,700
61	66,600	39,700
62	69,000	40,900
63	71,000	42,000
64	73,400	43,200
65 or more	75,900	44,400

AGE OF OLDER PARENT is FAFSA/SAR #82; if blank, use age 45 on the table.

Table A6: Parents' Contribution From AAI

If parents' AAI is—	The parents' contribution from AAI is—
Less than -$3,409	-$750
-$3,409 to $11,000	22% of AAI
$11,001 to $13,700	$2,420 + 25% of AAI over $11,000
$13,701 to $16,500	$3,095 + 29% of AAI over $13,700
$16,501 to $19,300	$3,907 + 34% of AAI over $16,500
$19,301 to $22,100	$4,859 + 40% of AAI over $19,300
$22,101 or more	$5,979 + 47% of AAI over $22,100

Table A7: State and Other Tax Allowance

for EFC Formula Worksheet A (student only)

State	Rate
Alabama	3%
Alaska	0%
American Samoa	2%
Arizona	3%
Arkansas	4%
California	5%
Canada	2%
Colorado	4%
Connecticut	2%
Delaware	5%
District of Columbia	7%
Federated States of Micronesia	2%
Florida	1%
Georgia	4%
Guam	2%
Hawaii	6%
Idaho	5%
Illinois	2%
Indiana	4%
Iowa	5%
Kansas	4%
Kentucky	5%
Louisiana	2%
Maine	5%
Marshall Islands	2%
Maryland	6%
Massachusetts	5%
Mexico	2%
Michigan	4%
Minnesota	6%
Mississippi	3%
Missouri	3%
Montana	5%
Nebraska	4%
Nevada	0%
New Hampshire	1%
New Jersey	3%
New Mexico	4%
New York	7%
North Carolina	5%
North Dakota	2%
Northern Mariana Islands	2%
Ohio	5%
Oklahoma	4%
Oregon	6%
Palau	2%
Pennsylvania	3%
Puerto Rico	2%
Rhode Island	4%
South Carolina	5%
South Dakota	0%
Tennessee	0%
Texas	0%
Utah	5%
Vermont	4%
Virgin Islands	2%
Virginia	4%
Washington	0%
West Virginia	4%
Wisconsin	5%
Wyoming	0%
Blank or Invalid State	2%
OTHER	2%

Multiply the total income of student (EFC Formula Worksheet A, line 37) by the appropriate rate from the table above to get the "state and other tax allowance." Use the student's STATE OF LEGAL RESIDENCE (FAFSA/SAR #25). If this item is blank or invalid, use the STATE in student's mailing address (FAFSA/SAR #6). If both items are blank or invalid, use the parents' STATE OF LEGAL RESIDENCE (FAFSA/SAR #79). If all three items are blank or invalid, use the rate for a blank or invalid state above.

Checkpoint #1 - Need Analysis

Instructions: *Use the EFC Worksheets and tables, the FAFSA from Session 3, and your neighbor to answer the questions below.*

1) How could AGI (#1) ever differ from income earned from work (#2)?

2) The results of #9-11 are estimates of the amount of state and social security tax the parents paid. Why does this worksheet collect estimates instead of actual amounts?

3) What reasons do you think went into including the employment expense allowance?

4) Why do you divide the total parents contribution (AAI) by the number of students in college?

Disbursements and EFC

Types of EFC	Pell Grant	Campus-Based Programs	FFEL/Direct Loans
Estimated EFC	No disbursements	No disbursements	PLUS disbursements only
Official EFC	Make disbursements	Make disbursements	Make disbursements
School-Recalculated EFC	• 1st payment only if student selected for verification by either CPS or the school • No subsequent payments until official EFC received	• Disbursements okay • Reprocessing by CPS optional • School liable	• Disbursements okay • Reprocessing by CPS optional • School liable

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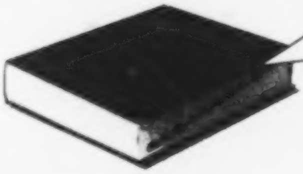
What is Estimated Financial Assistance (EFA)?



Estimated Financial Assistance (EFA)
The total amount of aid, both federal and nonfederal, that a student is scheduled to receive at a given point in time.

How do you calculate a student's need for financial aid?

Equation 1: Basic Need

COA – EFC = Need

Charlie, Part 1: **Charlie's cost of attendance is $14,700. His EFC is 1050. How much financial need does Charlie have?**

Answer: ______________________________

Charlie, Part 2: **Charlie is awarded a Pell Grant for $1,950. He also receives a $5,000 scholarship for the year. What is his EFA?**

Answer: ______________________________

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Equation 2: Need-Based Aid (EFA Considered)

COA – EFC – EFA = Need

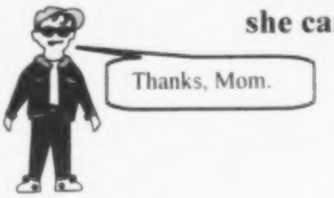
Charlie, Part 3: **Charlie's school awards him all the need-based aid they can, adding a $1,000 FSEOG, a $2,000 Perkins, $1,200 in Federal Work Study, and a $2,500 subsidized Federal Stafford loan. Considering all this, what is Charlie's remaining financial need?**

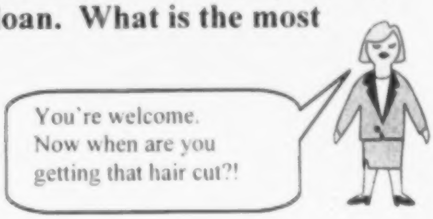
Answer: ____________________

Equation 3: Non-Need Based Aid

COA – EFA = Need

Charlie, Part 4: **Charlie's mom decides she can best help him by borrowing a PLUS loan. What is the most she can borrow?**




You're welcome.
Now when are you
getting that hair cut?!

Answer: ____________________

How do schools package financial aid?

Packaging: Federal Requirements

School must have written, published procedures.

When the student is eligible for Pell, Pell *must* be considered first.

Outside awards *must* be included in the aid package before any other federal aid programs beyond Pell are considered.

The combination of financial aid awards plus all other estimated financial assistance must not exceed the student's financial need.

The combination of student aid and EFC must not exceed the student's COA.

If financial aid from another source becomes available after the package is constructed, financial aid awards must be reduced so the total amount does not exceed COA.

Packaging Models

Model	Order of Packaging	Special Notes
Ladder	1) Pell 2) External/private 3) Gift aid* 4) Self-help aid	* attempt to meet all student need without resorting to loans or FWS
Self-Help	1) Pell 2) External/private 3) Self-help aid* 4) Gift aid (if needed)	* attempt to promote self-help as primary means of meeting need
Absolute Equity	1) Pell 2) External/private 3) Gift aid* 4) Self-help aid	* maximum dollar amount of gift aid equal for all students
Fixed Percentage Equity**	1) Pell 2) External/private 3) Gift aid* 4) Self-help aid	* maximum dollar amount of gift aid based on percentage of each student's COA
Individual Basis	1) Pell 2) Varies by student	
First-Come, First-Served	1) Pell 2) External/private 3) Self-help aid* 4) Gift aid*	* student funded to the maximum need from all sources until funds are exhausted
Special Groups	1) Pell 2) Varies by groups of students*	* for example, athletes on partial scholarships

**Once the COA is multiplied by the school's equity percentage, the Pell Grant and any outside aid must be subtracted before gift aid is determined.

✓ Checkpoint #2: Packaging

Cassandra has a cost of attendance of $8,300. She is scheduled to receive $2,300 in Pell. She is also scheduled to receive a $5,000 private scholarship. Since your school participates in the campus-based programs, you may have some Perkins, FSEOG, and Federal Work Study available for her as well. Your school does not participate in either the FFEL or the Federal Direct Loan program.

1) Using the Ladder Model, in what order would you package Cassandra's aid? (Include aid from all three campus-based programs to meet Cassandra's need. Don't worry about amounts right now – just programs.)

1. ____________________
2. ____________________
3. ____________________
4. ____________________
5. ____________________

2) Using the Self-Help Model, in what order would you package Cassandra's aid?

1. ____________________
2. ____________________
3. ____________________
4. ____________________
5. ____________________

3) Cassandra is considering living at home instead of living at school this year. If she lives at home, she will have a lower COA. Under which model might she receive a lower FSEOG if she lives at home rather than at school? ____

4) Why would a school that offers FSEOG not be able to use First-Come, First-Served? ____

____

Resources

- ★ *Federal Student Financial Aid Handbook: Student Eligibility*
- ★ The 1999-00 Paper FAFSA

Answer Key

Checkpoint #1 – Need Analysis

1) Number 1 could also include interest earned from savings accounts.
2) The actual amounts are not collected on the FAFSA, so you couldn't acquire the actual amounts without getting extra forms from the student.
3) It is for families with no parents home during the day. It is intended to cover expenses like housekeeping, transportation, and meals away from home.
4) The parents will be expected to contribute to the education of all household members enrolled in postsecondary school.

Charlie

Part 1: $14,700 (COA) – 1050 (EFC) = $13,650 (Need)

Part 2: $1,950 (Pell) + $5,000 (Scholarship) = $6,950 (EFA)

Part 3: $14,700 – 1050 (EFC) – [$1,000 + $2,000 + $1,200 + $6,950] (EFA) = $0

Part 4: $14,700 (COA) - $13,650 (EFA) = $1,050 (Elig. for PLUS)

Checkpoint #2 – Packaging

1) Pell, scholarship, FSEOG, Perkins and FWS (or FWS and Perkins)
2) Pell, scholarship, Perkins and FWS (or FWS and Perkins), FSEOG
3) Fixed Percentage Equity Model
4) The limited funds would run out before everyone had the opportunity to take advantage of the grant money. Making FSEOG available throughout the year for rolling admissions is required.

Session 5

Communicating with Students and Families

Questions we will answer during this session:

What are some ways to communicate with students and families at your school?

How do you handle different kinds of questions from students?

NEWS LETTER

OHSU Registrar & Financial Aid

Vol: Three, No. 1
June 1998

SERVING YOUR EDUCATIONAL NEEDS

There is an island of opportunity in the middle of every difficulty.

ON THE TABLE

1998-99 FINANCIAL AID

LIFETIME LEARNING TAX CREDITS

EDUCATIONAL COSTS & LIVING EXPENSES

POLICY UPDATE: HOW TO DECLINE OR REDUCE YOUR STUDENT LOANS

WHAT ARE ALTERNATIVE, SHORT TERM, AND RESIDENCY/RELOCATION LOANS?

DAYS OF NOTE

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1998-99 Financial Aid Awards

Financial aid applications are currently being processed. We have experienced some delays in issuing awards this year due to our inability to access applications from the Department of Education early on and due to delays in projecting 1998-99 tuition and fees.

However, we are now fully into reviewing files and have begun with those groups who will be attending summer session. We anticipate having the majority of all financial aid awards processed by mid-July.

In the meantime, our system automatically requests missing documents for students who have submitted a partial application.

One aspect that is more difficult are those students who may have submitted a FAFSA, but it has not been fully processed due to missing information. It is important to review the first page of the blue Student Aid Report and make sure your Free Application for Federal Student Aid was complete and signed when you submitted it to the Department of Education. Also, you'll want to check and make sure that the information has been released to Oregon Health Sciences University. This is indicated in the releases & signatures section where all schools that were transmitted data are listed by name.

If you have a question about whether your FAFSA was correctly processed, you can contact the US Department of Education at (319)337-5665.

Lifetime Learning Tax Credits

The Lifetime Learning Tax Credit is a new educational tax benefit that becomes effective for courses beginning on or after July 1, 1998. This is a benefit based on tuition payments made by students to their accounts.

For information on qualification, record-keeping, and reporting requirements, it is best to contact an accountant or utilize information available on the Internet. Two useful sites are the IRS web page and a resource section for students available on a college and university administrator professional page. They are as follows:

WWW.IRS.USTREAS.GOV

WWW.NACUBO.ORG/WEBSITE/TRA97/STUDENTS.HTML

Educational Costs & Living Expenses

Financial aid funding includes a living expense allowance for the student. This is a topic which has been addressed numerous times, but continually comes up. Students comment that their roommate received more of a refund than they did, or that dental students get more than medical students.

In reality, the components of rent, food, personal expenses, and transportation costs are based on Consumer Price Index data, local and regional cost of living figures, surveys of rental costs, and surveys of students. What we derive is an average living expense allowance that is equal for all students. We have found

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some variations among students, for example that a program may have more transportation costs, but their living expenses are less, so that the total budgeted is essentially equal.

Students get different amounts of refunds based on their total funding, other charges besides tuition and fees which have been assessed to their account, and the amount of the book & supply allowance that was submitted by the program.

For the 1998-99 academic year, the living expense component of the financial aid budget equals about $1,119 each month. Nursing students attending a four week summer program will find a 10 month budget, but most other programs are based on a standard 9 or 12 month academic year.

Policy Update: How to Decline or Reduce your Student Loans

Students sometimes do not need as much funding as we offer due to lower living expenses or other resources supporting their expenses. It is best to determine the amount of funding needed when the term billing statement is received. Problems have arisen when students wait to decline or reduce funds until going to the Cashier's Office to clear their account at the beginning of the term. This is because financial aid has already been made available to the student's account.

To prevent errors, students who make adjustments in their awards the week the disbursements are made will experience a four business day processing delay before any financial aid is made available. Students who wait until that time to complete Federal Direct Loan promissory notes will experience a two business day delay. These processing times are necessary in order to ensure accuracy on student accounts and loans.

Think carefully before declining funds you may need in the future, as they are not always available for reinstatement. Borrow conservatively, but remember that there is no penalty for early repayment if you end up with too much money!

What are Alternative, Short Term, and Residency/Relocation Loans?

Alternative Loans are private educational loans that are credit-based and are tied to the cost of attendance established by the Financial Aid Office. Students who have a higher cost of attendance that Federal, State, and Institutional resources can cover will find an alternative loan offered in their financial aid eligibility.

There are a variety of lenders and programs available in these types of educational loans. We try to provide information in the form of a comparison chart, and we have a variety of applications available in our office. All of these types of loans have to factor into the total financial aid picture and must be certified by the Financial Aid Office. If you have questions about selecting a loan program, or your eligibility for one, contact our office.

Short Term Loans are available to students in good-standing at the Portland Campus who are receiving financial aid and are not in their final term. Students at the Nursing campuses of OIT, EOU, and SOU generally access Short Term Loans from those locations.

Graduate students can request up to $750 per term and undergraduate students up to $500 per term. The loans have no interest, but do have a $10 service fee and must be repaid at the beginning of the next term.

Students are generally approved for funding, provided there is money in the accounts. Toward the end of the term, the accounts may be depleted.

Residency/Relocation Loans are available to third and fourth year dental and medical students. A number of programs exists to fund these costs and they do not have to be certified by the Financial Aid Office. These loans are designed to assist with the costs of interviewing, moving, board exam preparation courses, or for students who wish to take board exams in other states and must travel there. These loans are consumer loans and are credit-based, but they can certainly help with the additional costs of third and fourth year students.

Check with our staff for applications or information on any of the loans discussed above.

Days of Note

June 22
School of Nursing at EOU Entrance Counseling

July 6
School of Nursing at OIT Entrance Counseling

August 3
School of Nursing at OHSU Entrance Counseling

August 7
School of Nursing at SOU Entrance Counseling

What are some ways to communicate with students at your school?

Newsletters

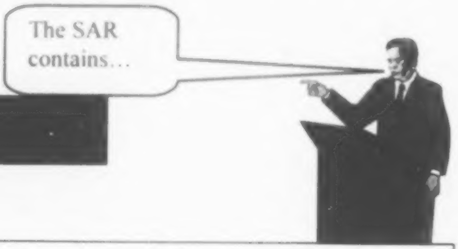
Contents of Newsletter

________________________ ________________________

________________________ ________________________

________________________ ________________________

________________________ ________________________


The SAR contains…

Workshops

Items to Hand Out

________________________ ________________________

________________________ ________________________

________________________ ________________________

________________________ ________________________

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Financial Aid Awareness Program
(for high school students)

Where to Hold It

When to Hold It

Who Should Present

How to Publicize It

Materials

How do you handle different kinds of questions from students?

Role-Playing!

Directions:

1) **Designate a note taker for your group.**
2) **Designate a speaker for your group.**
3) **Have everyone read the scenario.**
4) **Have the group act as the financial aid office, offering suggestions to the student. Try to anticipate the student's follow-up questions.**

Scenario #1: This is the first day of the fall semester. A freshman, Linda Kirkland, comes to the financial aid office and asks, "How do I get financial aid?" The student hasn't filed a FAFSA or completed any other applications for aid. She is carrying with her a small child. How should you advise Linda?

Scenario #2: John McKenzie is a third-year medical student. He has spent the last two years out of medical school due to marital difficulties. Now John has returned to school, newly divorced, with custody of his four-year-old son. Third-year medical students are required to be "on call"in the hospital—sometimes for as long as 36 hours straight. The budget for a third-year medical student is not sufficient to allow John to pay for the extensive childcare he will need to do his hospital assignments. John's budget will somehow have to be adjusted upward to cover the childcare. John has already accumulated substantial student

(cont'd next page)

loan debt. There is a $7,500 research scholarship available in geriatrics. Although John is sure to get this award, he is not interested in this particular area or in working with the doctor in charge of the project. How would you advise John?

Scenario #3: Lori Johnson is a single mother with two children. She is interested in studying cosmetology at your school. Lori lives 25 miles from the school and does not have transportation to and from school. Transportation was a problem for Lori a couple of years before when she dropped out of a computer training school after only one month. Although Lori doesn't have a high school diploma, she has passed the ability-to-benefit test at your school. She seems to have some natural ability in cosmetology and qualifies for loans and a Pell Grant. How would you assist Lori?

Scenario #4 : You work at a computer training school. Tu Nguyen wants to enroll. Although Tu seems very bright, you know that he will have trouble with the curriculum because he speaks very limited English. He is insisting on enrolling now even though he cannot complete any of the forms unassisted. Tu's local school district is offering free English as a Second Language classes. Tu will have a better chance of finishing the program and getting a job if he improves his English. How would you advise Tu?

Scenario #5 : Mr. and Mrs. Scott are in the financial aid office to complain about their daughter's financial aid award package. Lisa Scott is a freshman engineering student. The Scotts report that their friends' son, who is enrolled in the liberal arts program at your school, has a much lower EFC than they do although they earn about the same. They are also concerned that their daughter has been given more loans than their friend's son. How would you handle the situation with the Scotts?

Scenario #6: Allison Gray has received financial aid for the past three years. She has always lived at home with her mother. Although Allison is a dependent student, her mother's income was never sufficient to cover Allison's tuition and fees and Allison always qualified for grants, campus-based aid, and subsidized loans. Recently, Allison's mother married a man with a substantial income and Allison's financial aid package has changed completely. Additionally, Allison has been selected for verification, but cannot get her parent's tax returns because her stepfather will not provide college assistance and generally doesn't want to be involved. How would you counsel Allison?

Scenario #7: Leonard Collins is a student enrolled in your school's diesel mechanics program. While in the restroom, you overhear a conversation in which he tells another student that he never intends to repay the student loan he just received. Leonard later comes to see you to ask about his loan. What, if anything, would you do?

Scenario #8: Kiera Smith recently applied to your school and was told that her acceptance is conditional, pending successful completion of one semester of remedial courses in English and math. Kiera doesn't have the means to pay for these courses and comes to the financial aid office for advice. How would you advise Kiera?

Resources

★ *The 1999-00 High School Counselor's Handbook*

Precertification Session

Program Participation Issues

SAMPLE COPY

DEPARTMENT OF EDUCATION
INSTITUTIONAL PARTICIPATION & OVERSIGHT SERVICE

PROGRAM PARTICIPATION AGREEMENT
[PROVISIONAL APPROVAL]

NOV 20 1998
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Effective Date of Approval: The date on which this Agreement is signed on behalf of the Secretary of Education

Approval Expiration Date: 06/30/2001

Name of Institution:

Address of Institution:

Office of Postsecondary Education Identification Number:

D.U.N.S. Number:

Taxpayer Identification Number:

The execution of this Agreement by the Institution and the Secretary is a prerequisite to the Institution's initial or continued participation in any Title IV, HEA Program.

The postsecondary educational institution (Institution) listed above, referred to hereafter as the "Institution," and the United States Secretary of Education, referred to hereafter as the "Secretary," agree that the Institution may participate in those student financial assistance programs authorized by Title IV of the Higher Education Act of 1965, as amended (Title IV, HEA Programs) indicated under this Agreement and further agrees that such participation is subject to the terms and conditions set forth in this Agreement. As used in this Agreement, the term "Department" refers to the U.S. Department of Education.

SCOPE OF COVERAGE

This Agreement applies to all locations of the Institution as stated on the most current ELIGIBILITY AND CERTIFICATION APPROVAL REPORT issued by the Department. This Agreement covers the Institution's eligibility to participate in each of the following listed Title IV, HEA programs, and incorporates by reference the regulations cited.

- **FEDERAL PELL GRANT PROGRAM**, 20 U.S.C. 1070a *et seq*; 34 CFR Part 690.
- **FEDERAL FAMILY EDUCATION LOAN PROGRAM**, 20 U.S.C. 1071 *et seq*; 34 CFR Part 682.
- **FEDERAL DIRECT STUDENT LOAN PROGRAM**, 20 U.S.C. 1087a *et seq*; 34 CFR Part 685.
- **FEDERAL PERKINS LOAN PROGRAM**, 20 U.S.C. 1087aa *et seq*; 34 CFR Part 674.

Reasons and Special Conditions of Provisional Certification

Change in Ownership

The Institution has undergone a change in ownership resulting in a change in control and is granted provisional certification for a period not to exceed three complete award years in which to demonstrate that it satisfies the standards of financial stability and administrative capability.

Requirement of Precertification Training

The Institution must fulfill the Precertification Training Requirement prior to the first anniversary of the effective date of this Agreement.

Application for Recertification

Upon completion of the period of provisional certification, if the Institution wishes to apply for recertification to participate in the Title IV, HEA programs, the Institution must submit a completed Application for Institutional Participation (ED Form E40-34P), together with all required supporting documentation, no later than 03/31/2001.

Grant or Denial of Full Certification

Notwithstanding any paragraph above, the provisional certification ends upon the Department's notification to the Institution of the Department's decision to grant or deny a four year certification to participate in the Title IV, HEA Programs.

GENERAL TERMS AND CONDITIONS

1. The Institution understands and agrees that it is subject to and will comply with the program statutes and implementing regulations for institutional eligibility as set forth in 34 CFR Part 600 and for each Title IV, HEA Program in which it participates, as well as the general provisions set forth in Part F and Part G of Title IV of the HEA, and the Student Assistance General Provisions regulations set forth in 34 CFR Part 668. ***The recitation of any portion of the statute or regulations in this Agreement does not limit the Institution's obligation to comply with other applicable statutes and regulations.***

2. a. The Institution certifies that on the date it signs this Agreement, it has a drug abuse prevention program in operation that it has determined is accessible to any officer, employee, or student at the Institution.
   b. The Institution certifies that on the date it signs this agreement, it is in compliance with the disclosure requirements of Section 485(f) of the HEA (Campus Security Policy and Crime Statistics).

3. The Institution agrees to comply with --
   a. Title VI of the Civil Rights Act of 1964, as amended, and the implementing regulations, 34 CFR Parts 100 and 101 (barring discrimination on the basis of race, color or national origin);
   b. Title IX of the Education Amendments of 1972 and the implementing regulations, 34 CFR Part 106 (barring discrimination on the basis of sex);
   c. The Family Rights and Privacy Act of 1974 and the implementing regulations, 34 CFR Part 99;
   d. Section 504 of the Rehabilitation Act of 1973 and the implementing regulations, 34 CFR Part 104 (barring discrimination on the basis of physical handicap); and
   e. The Age Discrimination Act of 1975 and the implementing regulations, 34 CFR Part 110.

4. The Institution acknowledges that 34 CFR Parts 602 and 667 require accrediting agencies, State regulatory bodies, and the Secretary to share information about institutions. The Institution agrees that the Secretary, any accrediting agency recognized by the Secretary, and State regulatory body may share or report information to one another about the Institution without limitation.

5. The Institution acknowledges that the HEA prohibits the Secretary from recognizing the accreditation of any institution of higher education unless that institution agrees to submit any dispute involving the final denial, withdrawal, or termination of accreditation to initial arbitration prior to any other legal action.

Selected Provisions From
GENERAL PROVISIONS REGULATIONS, 34 CFR PART 668

By entering into this Program Participation Agreement, the Institution agrees that:

(1) It will comply with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the HEA, including the requirement that the institution will use funds it receives under any Title IV, HEA program and any interest or other earnings thereon, solely for the purposes specified in and in accordance with that program;

(2) As a fiduciary responsible for administering Federal funds, if the institution is permitted to request funds under a Title IV, HEA program advance payment method, the institution will time its requests for funds under the program to meet the institution's immediate Title IV, HEA program needs;

(3) It will not request from or charge any student a fee for processing or handling any application, form, or data required to determine a student's eligibility for, and amount of, Title IV, HEA program assistance;

(4) It will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under the Title IV, HEA programs, together with assurances that the institution will provide, upon request and in a timely manner, information relating to the administrative capability and financial responsibility of the institution to—

(i) The Secretary;

(ii) The State [regulatory bodies] for the State or States in which the institution or any of the institution's branch campuses or other locations are located;

(iii) A guaranty agency, as defined in 34 CFR part 682, that guarantees loans made under the Federal Stafford Loan, and Federal PLUS programs for attendance at the institution or any of the institution's branch campuses or other locations;

(iv) The nationally recognized accrediting agency that accredits or preaccredits the institution or any of the institution's branch campuses, other locations, or educational programs;

(v) The State agency that legally authorizes the institution and any branch campus or other location of the institution to provide postsecondary education; and

(vi) In the case of a public postsecondary vocational educational institution that is approved by a State agency recognized for the approval of public postsecondary vocational education, that State agency;

(5) It will comply with the provisions of §668.15 relating to factors of financial responsibility;

(6) It will comply with the provisions of §668.16 relating to standards of administrative capability;

(7) It will submit reports to the Secretary and, in the case of an institution participating in the Federal Stafford Loan, Federal PLUS, or the Federal Perkins Loan Program, to holders of loans made to the institution's students under that program at such times and containing such information as the Secretary may reasonably require to carry out the purpose of the Title IV, HEA programs;

(8) It will not provide any statement to any student or certification to any lender under the Federal Stafford Loan, Federal or PLUS, Program that qualifies the student for a loan or loans in excess of the amount that the student is eligible to borrow in accordance with sections 425(a), 428(a)(2), 428(b)(1)(A) and (B), and 428H of the HEA;

(9) It will comply with the requirements of Subpart D of 34 CFR part 668 concerning institutional and financial assistance information for students and prospective students;

(10) In the case of an institution that advertises job placement rates as a means of attracting students to enroll in the institution, it will make available to prospective students, at or before the time that those students apply for enrollment—

(i) The most recent available data concerning employment statistics, graduation statistics, and any other information necessary to substantiate the truthfulness of the advertisements; and

(ii) Relevant State licensing requirements of the State in which the institution is located for any job for which an educational program offered by the institution is designed to prepare those prospective students;

(11) In the case of an institution participating in the Federal Stafford Loan, or Federal PLUS Program, the institution will inform all eligible borrowers, as defined in 34 CFR part 682, enrolled in the institution about the

availability and eligibility of those borrowers for State grant assistance from the State in which the institution is located, and will inform borrowers from another State of the source for further information concerning State grant assistance from that State;

(12) It will provide the certifications described in paragraph (c) of this section;

(13) In the case of an institution whose students receive financial assistance pursuant to section 484(d) of the HEA, the institution will make available to those students a program proven successful in assisting students in obtaining the recognized equivalent of a high school diploma;

(14) It will not deny any form of Federal financial aid to any eligible student solely on the grounds that the student is participating in a program of study abroad approved for credit by the institution;

(15) In the case of an institution seeking to participate for the first time in the Federal Stafford Loan and Federal PLUS programs, the institution has included a default management plan as part of its application under §668.12 for participation in those programs and will use the plan for at least two years from the date of that application. The Secretary considers the requirements of this paragraph to be satisfied by a default management plan developed in accordance with the default reduction measures described in Appendix D to 34 CFR part 668;

(16) In the case of an institution that changes ownership that results in a change of control, or that changes its status as a main campus, branch campus, or an additional location, the institution will, to participate in the Federal Stafford Loan and Federal PLUS programs, develop a default management plan for approval by the Secretary and implement the plan for at least two years after the change in control or status. The Secretary considers the requirements of this paragraph to be satisfied by a default management plan developed in accordance with the default reduction measures described in Appendix D to 34 CFR part 668;

(17) The Secretary, guaranty agencies and lenders as defined in 34 CFR part 682, nationally recognized accrediting agencies, the Secretary of Veterans Affairs, State [regulatory bodies], State agencies recognized under 34 CFR part 603 for the approval of public postsecondary vocational education, and State agencies that legally authorize institutions and branch campuses or other locations of institutions to provide postsecondary education, have the authority to share with each other any information pertaining to the institution's eligibility for or participation in the Title IV, HEA programs or any information on fraud and abuse;

(18) It will not knowingly—

(i) Employ in a capacity that involves the administration of the Title IV, HEA programs or the receipt of funds under those programs, an individual who has been convicted of, or has pled *nolo contendere* or guilty to, a crime involving the acquisition, use, or expenditure of Federal, State, or local government funds, or has been administratively or judicially determined to have committed fraud or any other material violation of law involving Federal, State, or local government funds;

(ii) Contract with an institution or third-party servicer that has been terminated under section 432 of the HEA for a reason involving the acquisition, use, or expenditure of Federal, State, or local government funds, or that has been administratively or judicially determined to have committed fraud or any other material violation of law involving Federal, State, or local government funds; or

(iii) Contract with or employ any individual, agency, or organization that has been, or whose officers or employees have been—

(A) Convicted of, or pled *nolo contendere* or guilty to, a crime involving the acquisition, use, or expenditure of Federal, State, or local government funds; or

(B) Administratively or judicially determined to have committed fraud or any other material violation of law involving Federal, State, or local government funds;

(19) It will complete, in a timely manner and to the satisfaction of the Secretary, surveys conducted as a part of the Integrated Postsecondary Education Data System (IPEDS) or any other Federal collection effort, as designated by the Secretary, regarding data on postsecondary institutions;

(20) In the case of an institution that offers athletically related student aid, it will comply with the provisions of paragraph (d) of this section;

(21) It will not impose any penalty, including, but not limited to, the assessment of late fees, the denial of access to classes, libraries, or other institutional facilities, or the requirement that the student borrow additional funds for which interest or other charges are assessed, on any student because of the student's inability to meet his or her financial obligations to the institution as a result of the delayed disbursement of the proceeds of a Title IV, HEA program loan due to compliance with statutory and regulatory requirements of or applicable to the Title IV, HEA programs, or delays attributable to the institution;

(22) It will not provide, nor contract with any entity that provides, any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities or in making decisions regarding the

awarding of student financial assistance, except that this requirement shall not apply to the recruitment of foreign students residing in foreign countries who are not eligible to receive Federal student assistance. This provision does not apply to the giving of token gifts to students or alumni for referring students for admission to the institution as long as: the gift is not in the form of money, check, or money order; no more than one such gift is given to any student or alumnus; and the gift has a value of not more than $25;

(23) It will meet the requirements established pursuant to part H of Title IV of the HEA by the Secretary, State [authorizing bodies], and nationally recognized accrediting agencies;

(24) It will comply with the refund provisions established in 668.22;

(25) It is liable for all improperly administered funds received or refunded under the Title IV, HEA programs, including any funds administered by a third-party servicer; and

(26) If the stated objectives of an educational program of the institution are to prepare a student for gainful employment in a recognized occupation, the institution will—

(i) Demonstrate a reasonable relationship between the length of the program and entry level requirements for the recognized occupation for which the program prepares the student. The Secretary considers the relationship to be reasonable if the number of clock hours provided in the program does not exceed by more than 50 percent the minimum number of clock hours required for training in the recognized occupation for which the program prepares the student, as established by the State in which the program is offered, if the State has established such a requirement, or as established by any Federal agency; and

(ii) Establish the need for the training for the student to obtain employment in the recognized occupation for which the program prepares the student.

(c) In order to participate in any Title IV, HEA program (other than the SSIG and NEISP programs), the institution must certify that it—

(1) Has in operation a drug abuse prevention program that the institution has determined to be accessible to any officer, employee, or student at the institution; and

(2)(i) Has established a campus security policy in accordance with section 485(f) of the HEA; and

(ii) Has complied with the disclosure requirements of §668.47 as required by section 485(f) of the HEA.

(d) In order to participate in any Title IV, HEA program (other than the SSIG and NEISP programs), an institution that offers athletically related student aid must—

(1) Cause an annual compilation, independently audited not less often than every 3 years, to be prepared within 6 months after the end of the institution's fiscal year, of—

(i) The revenues derived by the institution from the institution's intercollegiate athletics activities, according to the following categories:

(A) Total revenues.

(B) Revenues from football.

(C) Revenues from men's basketball.

(D) Revenues from women's basketball.

(E) Revenues from all other men's sports combined.

(F) Revenues from all other women's sports combined;

(ii) Expenses made by the institution for the institution's intercollegiate athletics activities, according to the following categories:

(A) Total expenses.

(B) Expenses attributable to football.

(C) Expenses attributable to men's basketball.

(D) Expenses attributable to women's basketball.

(E) Expenses attributable to all other men's sports combined.

(F) Expenses attributable to all other women's sports combined; and

(iii) The total revenues and operating expenses of the institution; and

(2) Make the compilation and, where allowable by State law, the results of the audits required by paragraph (d)(1) of this section available for inspection by the Secretary and the public.

(e) For the purposes of paragraph (d) of this section—

(1) Revenues from intercollegiate athletics activities allocable to a sport shall include without limitation gate receipts, broadcast revenues and other conference distributions, appearance guarantees and options, concessions, and advertising;

(2) Revenues such as student activities fees, alumni contributions, and investment interest income that are not allocable to a sport shall be included in the calculation of total revenues only;

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(3) Expenses for intercollegiate athletics activities allocable to a sport shall include without limitation grants-in-aid, salaries, travel, equipment, and supplies; and

(4) Expenses such as general and administrative overhead that are not allocable to a sport shall be included in the calculation of total expenses only.

(f)(1) A program participation agreement becomes effective on the date that the Secretary signs the agreement.

(2) A new program participation agreement supersedes any prior program participation agreement between the Secretary and the institution.

(g)(1)(i) With respect to an institution that has been certified *other than under a provisional certification*—

(A) Except as provided in paragraphs (h) and (i) of this section, the Secretary terminates a program participation agreement through the proceedings in subpart G of this part.

(B) An institution may terminate a program participation agreement.

(C) If the Secretary or the institution terminates a program participation agreement under paragraph (g) of this section, the Secretary establishes the termination date.

(2) With respect to an institution that has been *provisionally certified*, the Secretary revokes a provisional certification through the proceedings in §668.13(f).

(h) An institution's program participation agreement automatically expires on the date that—

(1) The institution changes ownership that results in a change in control as determined by the Secretary under 34 CFR part 600; or

(2) The institution's participation ends under the provisions of §668.26(a)(1), (2), (4), or (7).

(i) An institution's program participation agreement no longer applies to or covers a location of the institution as of the date on which that location ceases to be a part of the participating institution.

CERTIFICATIONS REQUIRED FROM INSTITUTIONS

The Institution should refer to the regulations cited below. Signature on this Agreement provides for compliance with certification requirements under 34 CFR Part 82, "New Restrictions on Lobbying", and 34 CFR Part 85, "Government-wide Debarment and Suspension (Nonprocurement) and Government-wide Requirement for Drug-Free Workplace (Grants)." Breach of any of these certificates constitutes a breach of this Agreement.

PART 1 CERTIFICATION REGARDING LOBBYING; DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS; AND DRUG-FREE WORKPLACE REQUIREMENTS

1. Lobbying

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 34 CFR Part 82, for persons entering into a grant or cooperative agreement over $100,000, as defined at 34 CFR Part B2, Sections 82.105, and 82.110, the Institution certifies that:

(a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of any Federal grant, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal grant or cooperative agreement;

(b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal Grant or cooperative agreement, the Institution shall complete and submit Standard Form - LLL, "Disclosure Form to Report Lobbying," in accordance with all subrecipients shall certify and disclose accordingly.

(c) The Institution shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subgrants, contracts under grants and cooperative agreements, and subcontracts) and that all subrecipients shall certify and disclose accordingly.

Record Retention

Minimum Record-Retention Periods

Title IV Program	End of the award year in which the report was submitted	End of the award year for which the aid was awarded	End of the award year in which the student last attended	The loan is satisfied or the documents are needed to enforce the obligation	The date on which a loan is assigned to ED, cancelled, or repaid
Campus-Based and Pell Grant		3 Years			
Except:					
• Fiscal Operations Report (FISAP and supporting records	3 Years				
• Perkins repayment records					3 Years
• Perkins original promissory notes and repayment records				Until	
FFEL and Direct Loans					
• Records related to borrower's eligibility and participation			3 Years		
• All other records, including any other reports or forms	3 Years				

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Financial Responsibility

Components of Financial Responsibility	
To be financially responsible, a school must...	**ED assesses schools on the basis of....**
- Meet its financial obligation	- Making timely refunds to students - Making timely repayments to ED - Being current on its debt payment
- Administer Title IV programs properly	- Past performance - Program compliance
- Be in adequate financial condition	- Sufficient resources for its education programs, services, and financial obligations

Additional Financial Responsibility Requirements

Public Schools must provide ED with letter from state or other government entity stating that the school is in fact designated as "public" and must not be in violation of any past performance criteria.

Private Schools must meet four additional standards:

1) Equity, primary, and net income ratios must yield a composite score of at least 1.5.

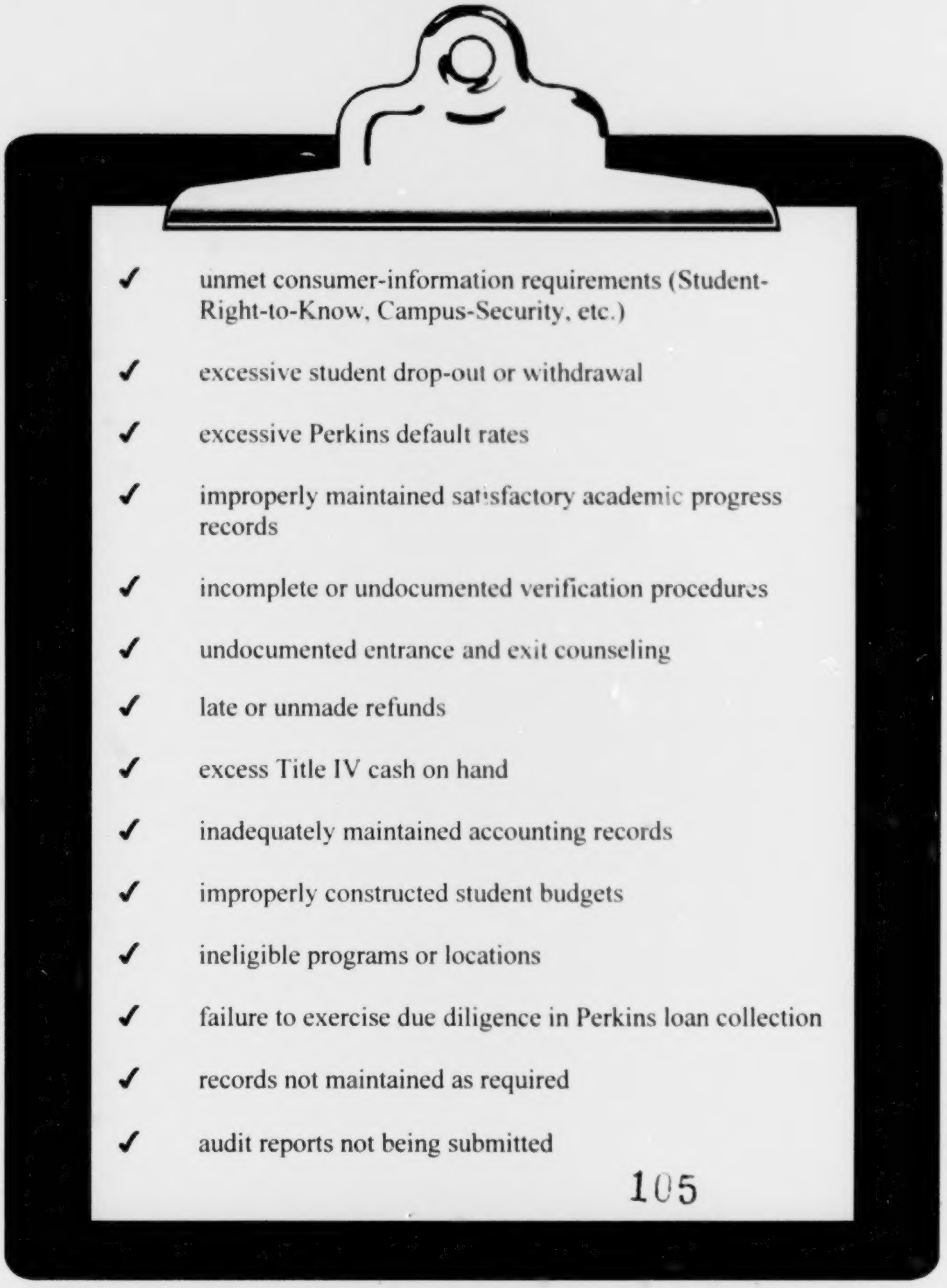
2) School must have sufficient cash reserves to make required refunds.

3) School must be current in its debt payments.

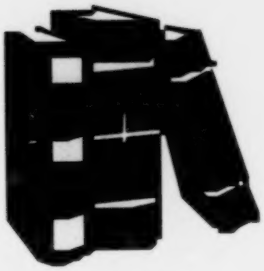
4) School must meet all financial obligations, including (but not limited to) refunds to ED and students, and repayments to ED of debts and liabilities.

Also, the school can not receive an adverse, qualified, or disclaimed audit opinion.

Common Program-Review Findings



- ✓ unmet consumer-information requirements (Student-Right-to-Know, Campus-Security, etc.)
- ✓ excessive student drop-out or withdrawal
- ✓ excessive Perkins default rates
- ✓ improperly maintained satisfactory academic progress records
- ✓ incomplete or undocumented verification procedures
- ✓ undocumented entrance and exit counseling
- ✓ late or unmade refunds
- ✓ excess Title IV cash on hand
- ✓ inadequately maintained accounting records
- ✓ improperly constructed student budgets
- ✓ ineligible programs or locations
- ✓ failure to exercise due diligence in Perkins loan collection
- ✓ records not maintained as required
- ✓ audit reports not being submitted



Resources

- *The Blue Book*
- *The Audit Guide*
- *Federal Student Financial Aid Handbook: Institutional Eligibility and Participation*
- *Management Assessment Form*
  (see Quality Assurance web site via
  http://www.ed.gov)
- *Institutional Guide to Financial Aid Self-Evaluation*
  Contact NASFAA at:
  phone - (202) 785-0453
  Internet - http://nasfaa.org
- 34 CFR 668.

Session 6

Verification, Updating, and Corrections

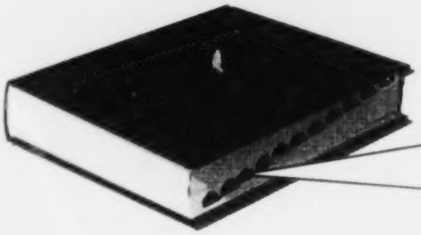
Questions we will answer during this session:

What is verification?

Who selects students to be verified?

How do you perform verification?

What is verification?



Verification – the process of checking the accuracy of information supplied on the Free Application for Federal Student Aid (FAFSA); used to reduce fraud and abuse; handled by financial aid office

Who selects applicants to be verified?

The Central Processing System (CPS)

- You must verify all applicants selected up to 30% of your applicant pool.

The School

- Select as many or as few students as you like.
- Verify whatever items you choose.
- No school-selected applicants count towards 30% requirement.

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✓ Checkpoint #1 – 30% Option

The Feld School of Law has 3,500 applicants. The school includes all applicants as part of its applicant pool. The CPS selects 1,000 applications for verification.

How many applications must the school verify? ________________

Howard Education Institute has 100 applicants. The school includes all applicants as part of its applicant pool. The CPS selects 50 applicants for verification.

How many applications must the school verify? ________________

How do you perform verification?

Step One: Verify the Information

ACCEPTABLE DOCUMENTATION

	Verification Worksheet & Tax Return(s)	Other Documentation in lieu of Worksheet or Tax Return
Household Size	✓	**Signed Statement**
Number Enrolled	✓	**Signed Statement and/or Institutional Certification**
AGI & Taxes Paid	✓	**IRS Letter 1722, RTFTP, Form W-2, Form 4868, and/or Signed Statement**
Untaxed Income & Benefits	✓	**Official Agency Documentation and/or Signed Statement**

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The following information is from the SAR/ISIR of Chuck Whitney, who was selected for verification:

Case Study

SAR Item #	Category	Entry
16	Marital Status	Married
39	Type of 1998 Tax Form Used	1040A
41	Adjusted Gross Income	$19,000
42	U.S. Income Tax Paid	$0
44	Earned Income Credit	$1,230
47	Amount from Worksheet A	$200
48	Amount from Worksheet B	$0
49	Cash, Savings, and Checking	$500
50-52	Net Worth of Real Estate Investments / Business / Farm	$0
59	Household Size	3
60	# Enrolled in Postsecondary School	2

Chuck completes his verification worksheet, submitting it to you along with his 1998 tax return.

U.S. Department of Education

1999-2000 Verification Worksheet

Federal Student Aid Programs

FORM APPROVED
OMB NO. 1840-0570
EXP. DATE 12/31/2000
INDEPENDENT STUDENT

Your application was selected for review in a process called "Verification." In this process, your school will be comparing information from your application with signed copies of your (and your spouse's, if you are married) 1998 Federal tax forms, or with W-2 forms or other financial documents. The law says we have the right to ask you for this information before awarding Federal aid. If there are differences between your application information and your financial documents, you may need to send in corrections on your Student Aid Report (SAR), or your school may send corrections electronically, to have your information reprocessed.

Try to complete verification as soon as possible, so that your financial aid won't be delayed. Your financial aid administrator will help you.

What you should do

1. Collect your (and your spouse's) financial documents (signed Federal income tax forms, W-2 forms, etc.).
2. Talk to your financial aid administrator if you have questions about completing this worksheet.
3. Fill in and sign the worksheet.
4. Take the completed worksheet, tax forms, and any other documents your school needs to your financial aid administrator.
5. Your financial aid administrator will compare information on the documents. You may need to make corrections on your SAR and send it back to the application processor.

Your school must review the requested information, under the financial aid program rules (CFR Title 34, Part 668).

A. Student Information

Whitney	Charles	O	987-65-4321
Last name	First name	M.I.	Social security number
7539 Whitehall Road			9/19/73
Address (include apt. no.)			Date of birth
Roy	WA	98523	360-555-0555
City	State	ZIP code	Phone number (include area code)

B. Family Information

List the people in your household; include:

- yourself (and your spouse, if you have one), and
- your children, if you provide more than half of their support, and
- other people if they now live with you, and you provide more than half of their support and will continue to provide more than half of their support from July 1, 1999 through June 30, 2000

Write the names of all family members. Also write in the name of the college for any family member who will be attending college at least half-time between July 1, 1999 and June 30, 2000, and will be enrolled in a degree or certificate program. If you need more space, attach a separate page.

Full Name	Age	Relationship	College
Martha Jones	24	Wife	City University
Charles Whitney	25	Self	State College
Hope Whitney	26	spouse	Intown Community College
Heather Smith	2	stepdaughter	
Baby Whitney	due 12/99	child	

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1840-0132. The time required to complete this information collection is estimated to average twelve minutes, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: U.S. Department of Education, Washington, DC 20202-4651. If you have comments or concerns regarding the status of your individual submission of this form, write directly to: Application and Pell Processing systems Division, U.S. Department of Education, 600 Independence Avenue, S.W., Washington, DC 20202-5453

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C. Student's Tax Forms and Income Information **Independent**

1. For non-tax filers and all tax filers (includes the 1998 IRS Form 1040, 1040A, 1040EZ, TeleFile Tax Record, a tax return from Puerto Rico or a foreign income tax return). If you did not keep a copy of the tax return, request an RTFTP printout or Letter 1722 from the Internal Revenue Service or a copy from your tax preparer.

☑ Check and attach signed tax return.
☐ Check and complete: signed tax return will be mailed to the school by ____________________(date).
☐ Check here if you will not file and are not required to file a 1998 U.S. Income Tax Return.

2. Amounts received for child support and other untaxed income. (See Worksheet A on the Free Application for Federal Student Aid)

Sources of untaxed income	Amount	Sources of untaxed income	Amount
Child Support	$2400 (200/mo.)		
Social Security			
Welfare (including TANF)			

3. If you did not file and are not required to file a 1998 Federal income tax return, list below your employer(s) and any income received in 1998.

Sources (Use the W-2 form or other earnings statements.)	Amount

D. Spouse's Tax Forms and Income Information (If student is married)

1. For non-tax filers and all tax filers (includes the 1998 IRS Form 1040, 1040A, 1040EZ, TeleFile Tax Record, a tax return from Puerto Rico or a foreign income tax return). If your spouse did not keep a copy of the tax return, request one from the Internal Revenue Service or from the tax preparer.

☐ Check and attach signed tax return
☐ Check and complete: signed tax return will be mailed to the school by ____________________(date).
☐ Check here if you will not file and are not required to file a 1998 U.S. Income Tax Return.

2. Amounts received for child support and other untaxed income.

Sources of untaxed income	Amount	Sources of untaxed income	Amount
Child Support			
Social Security			
Welfare (including TANF)			

3. If your spouse did not file and is not required to file a 1998 Federal income tax return, list below your spouse's employer(s) and any income received in 1998.

Sources (Use the W-2 form or other earnings statements.)	Amount

E. Sign this Worksheet

By signing this worksheet, I (we) certify that all the information reported to qualify for Federal student aid is complete and correct. If married, spouse's signature is optional.

WARNING: If you purposely give false or misleading information on this worksheet, you may be fined, be sentenced to jail, or both.

Charles O. Whitney 3/28/99
Student Date

Hope P. Whitney 3/28/99
Spouse Date

Do not mail this worksheet to your application processor. Take it to your Financial Aid Administrator. Don't forget your tax forms.

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Form **1040A** Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **1998** IRS Use Only—Do not write or staple in this space

OMB No. 1545-0085

Label (See page 18.)

Use the IRS label. Otherwise, please print or type.

LABEL HERE

Your first name and initial: Charles O. Last name: Whitney
If a joint return, spouse's first name and initial: Hope P. Last name: Whitney
Home address (number and street). If you have a P.O. box, see page 19.: 7539 Whitehall Road Apt. no.
City, town or post office, state, and ZIP code. If you have a foreign address, see page 19.: Roy WA 98523

Your social security number 987 : 65 : 4321
Spouse's social security number 432 : 19 : 8765

▲ IMPORTANT! ▲
You **must** enter your SSN(s) above.

Presidential Election Campaign Fund (See page 19.)

	Yes	No
Do you want $3 to go to this fund?	✓	
If a joint return, does your spouse want $3 to go to this fund?	✓	

Note: *Checking "Yes" will not change your tax or reduce your refund.*

Filing status

Check only one box.

1 ☐ Single
2 ☑ Married filing joint return (even if only one had income)
3 ☐ Married filing separate return. Enter spouse's social security number above and full name here. ▶
4 ☐ Head of household (with qualifying person). (See page 20.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 ☐ Qualifying widow(er) with dependent child (year spouse died ▶ 19). (See page 21.)

Exemptions

6a ☑ **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, **do not** check box 6a.
b ☑ **Spouse**

No. of boxes checked on 6a and 6b: 2

c **Dependents:**

If more than seven dependents, see page 21.

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualified child for child tax credit (see page 22)
			☐
			☐
			☐
			☐
			☐
			☐
			☐

No. of your children on 6c who:
- lived with you
- did not live with you due to divorce or separation (see page 23)

Dependents on 6c not entered above

d Total number of exemptions claimed. Add numbers entered on lines above: 2

Income

Attach Copy B of your Forms W-2 and 1099-R here.

If you did not get a W-2, see page 24.

Enclose, but do not staple, any payment.

7	Wages, salaries, tips, etc. Attach Form(s) W-2.	7	18706 00
8a	**Taxable** interest. Attach Schedule 1 if required.	8a	50 00
b	**Tax-exempt** interest. DO NOT include on line 8a. 8b		
9	Ordinary dividends. Attach Schedule 1 if required.	9	
10a	Total IRA distributions. 10a — 10b Taxable amount (see page 24).	10b	
11a	Total pensions and annuities. 11a — 11b Taxable amount (see page 25).	11b	
12	Unemployment compensation.	12	
13a	Social security benefits. 13a — 13b Taxable amount (see page 27).	13b	
14	Add lines 7 through 13b (far right column). This is your **total income.** ▶	14	18756 00

Adjusted gross income

15	IRA deduction (see page 28). 15		
16	Student loan interest deduction (see page 28). 16		
17	Add lines 15 and 16. These are your **total adjustments.**	17	
18	Subtract line 17 from line 14. This is your **adjusted gross income.** If under $30,095 (under $10,030 if a child did not live with you), see the EIC instructions on page 36. ▶	18	18756 00

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 49. Cat. No. 11327A **1998 Form 1040A**

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1998 Form 1040A page 2

Taxable income	19	Enter the amount from line 18.		19 18756 | 00
	20a	Check if: ☐ **You** were 65 or older ☐ Blind ☐ **Spouse** was 65 or older ☐ Blind **Enter number of boxes checked** ▶ 20a ☐		
	b	If you are married filing separately and your spouse itemizes deductions, see page 30 and check here . . . . ▶ 20b ☐		
	21	Enter the **standard deduction** for your filing status. **But** see page 31 if you checked any box on line 20a or 20b **OR** if someone can claim you as a dependent. • Single—$4,250 • Married filing jointly or Qualifying widow(er)—$7,100 • Head of household—$6,250 • Married filing separately—$3,550		21 7100 | 00
	22	Subtract line 21 from line 19. If line 21 is more than line 19, enter -0-.		22 11656 | 00
	23	Multiply $2,700 by the total number of exemptions claimed on line 6d.		23 5400 | 00
	24	Subtract line 23 from line 22. If line 23 is more than line 22, enter -0-. This is your **taxable income.** ▶		24 6256 | 00
Tax, credits, and payments	25	Find the tax on the amount on line 24 (see page 31).		25 941 | 00
	26	Credit for child and dependent care expenses. Attach Schedule 2.	26	
	27	Credit for the elderly or the disabled. Attach Schedule 3.	27	
	28	Child tax credit (see page 32).	28	
	29	Education credits. Attach Form 8863.	29 941 | 00	
	30	Adoption credit. Attach Form 8839.	30	
	31	Add lines 26 through 30. These are your **total credits.**		31 941 | 00
	32	Subtract line 31 from line 25. If line 31 is more than line 25, enter -0-.		32 0
	33	Advance earned income credit payments from Form(s) W-2.		33
	34	Add lines 32 and 33. This is your **total tax.** ▶		34 0
	35	Total Federal income tax withheld from Forms W-2 and 1099.	35 238 | 00	
	36	1998 estimated tax payments and amount applied from 1997 return.	36	
	37a	**Earned income credit.** Attach Schedule EIC if you have a qualifying child.	37a 123 | 00	
	b	Nontaxable earned income: amount ▶ and type ▶		
	38	Additional child tax credit. Attach Form 8812.	38	
	39	Add lines 35, 36, 37a, and 38. These are your **total payments.** ▶		39 1468 | 00
Refund Have it directly deposited! See page 43 and fill in 41b, 41c, and 41d.	40	If line 39 is more than line 34, subtract line 34 from line 39. This is the amount you **overpaid.**		40 1468 | 00
	41a	Amount of line 40 you want **refunded to you.**		41a 1468 | 00
	b	Routing number ☐☐☐☐☐☐☐☐☐ c Type: ☐ Checking ☐ Savings		
	d	Account number ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐		
	42	Amount of line 40 you want **applied to your 1999 estimated tax.**	42	
Amount you owe	43	If line 34 is more than line 39, subtract line 39 from line 34. This is the **amount you owe.** For details on how to pay, see page 44.		43
	44	Estimated tax penalty (see page 44).	44	

Sign here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Joint return? See page 19. Keep a copy for your records.

Your signature: Charles O. Whitney	Date: 2/3/99	Your occupation: student	Daytime telephone number (optional)
Spouse's signature. If joint return, BOTH must sign: Hope P. Whitney	Date: 2/3/99	Spouse's occupation: receptionist	( )

Paid preparer's use only

Preparer's signature ▶	Date	Check if self-employed ☐	Preparer's social security no.
Firm's name (or yours if self-employed) and address ▶			EIN
			ZIP code

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1999-2000 Verification Working Paper

Student: ____________________ SS#: ________________ Dep. Status: _______

Tax Returns Filed

Student/Spouse (circle one): 1040, 1040A, 1040EZ, Other, None filed

Parent(s) (circle one): 1040, 1040A, 1040EZ, Other, None filed

Item (SAR #)	Amount on Output Document	Amount Verified (Source)	Match?		
			Yes	No	N/A
Household Size (59/77)		(Worksheet)			
# in College (60/78)		(Worksheet)			
Student/Spouse AGI (41)		(1040-33, A-18,EZ-4)			
Student/Spouse Income Tax Paid (42)		(1040-49, A-32, EZ-10)			
Student/Spouse EIC (44)		(1040-59(a), A-37(a), EZ-8(a))			
Parent AGI (64)		(1040-33, A-18,EZ-4)			
Parent Income Tax Paid (65)		(1040-49, A-32, EZ-10)			
Parent EIC (67)		(1040-59(a), A-37(a), EZ-8(a))			
Non-Filers Only					
Student Earnings (45)		(W2)			
Spouse Earnings (46)		(W2)			
Father Earnings (68)		(W2)			
Mother Earnings (69)		(W2)			
Data from Worksheets A & B - Untaxed Income & Exclusions from Income (list and verify items that apply)					

Net Error = $____________

Verification Status Code: N A W T C R S

Verification Performed By: ____________________

Date: ____________

Notes:

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Step Two: Determine the Need for Corrections

If there are no errors, then disburse aid as planned.

If there are errors with nondollar items, then you must submit corrections.

If there are errors with dollar items, then check net error.

If the *net error* is less than or equal to $400, then you can go forward and award aid without recalculating the EFC or submitting corrections to the CPS.

If the net error exceeds $400, then you must either send the corrections in to the CPS or recalculate the EFC by hand.

Determining Net Error

A = AGI + EIC + untaxed income (Worksheet A) from SAR/ISIR
$__________

B = Income tax paid + exclusions from income (Worksheet B) from SAR/ISIR
$__________

C = A - B = $__________ (total from SAR/ISIR)

D = AGI + EIC + untaxed income (Worksheet A) verified
$__________

E = Income tax paid + exclusions from income (Worksheet B) verified
$__________

F = A - B = $__________ (total from SAR/ISIR)

The difference between C and F = Net Error = $__________

Verification Status Codes

N - Not selected

A - Accurate

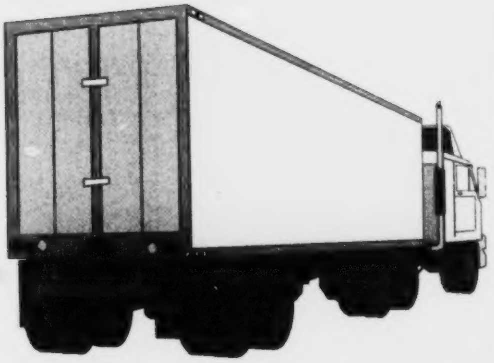
W - Without Documentation

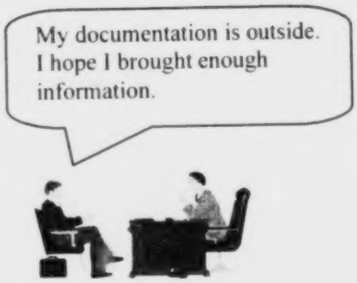
T - Tolerance

C - Calculated

R - Reprocessed

S - Selected, Not Verified




My documentation is outside. I hope I brought enough information.

Payment Issues - Federal Pell Grants

School recalculates EFC by hand, EFC decreases, and Pell award increases:

- *may make first payment to student (but not required)*
- *no further payments until official EFC received from CPS*

School recalculates EFC by hand, EFC increases, and Pell award decreases:

- *no payments to student until official EFC received from CPS*

Payment Issues - Campus-Based, Direct Loan, and FFEL

School recalculates EFC by hand, EFC changes, and award changes:

- *may make payments to students*
- *no reprocessing required,* BUT *school liable for overpayments if error*

Checkpoint #2 – Payments and Corrections

Circle the correct answer(s).

The Feld School of Law verifies a student and finds an error in the student's data. The student's household size is 5, although the ISIR identifies 6. There are no dollar errors. The school must:

a) pay the student (don't submit correction)
b) submit the correction (don't pay student)
c) recalculate the student's EFC first; then decide whether or not to submit the correction

Howard Education Institute verifies a student and finds some dollar errors. The net amount of the errors exceeds $400.

Which of the following are true regarding the student's Pell award?

a) The school can recalculate the EFC to see if the Pell amount changes.
b) If the Pell amount increases, the school must submit the corrections to the CPS.
c) If the Pell amount decreases, the school must submit the corrections to the CPS.
d) If the Pell amount does not change, the school still must submit the corrections to the CPS.

Which of the following are true regarding the student's Perkins award?

a) The school can recalculate the EFC to see if the Perkins amount changes.
b) If the Perkins amount increases, the school must submit the corrections to the CPS.
c) If the Perkins amount decreases, the school must submit the corrections to the CPS.
d) If the Perkins amount does not change, the school must submit the corrections to the CPS.

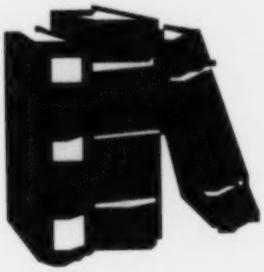
1999-00 Signature Requirements for Application and Verification Information

...general requirements for federal student aid	**Application** (FAFSA or Renewal FAFSA, paper or electronic)	**IRS FORMS** 1040 or other form submitted for verification	**Verification Worksheet**
Student	Must sign statement that data are accurate (on application, echo document, or signature page)	Tax return must be signed by student (or spouse) or by the tax preparer (or stamp)	Must sign worksheet
Parent(s) (of dependent student)	At least one parent must sign statement that data are accurate (on application, echo document, or signature page)	Tax return must be signed by at least one parent or by the tax preparer (or stamp)	At least one parent must sign
FAA	Must certify if dependency override is performed		

...additional requirements to receive a Federal Pell Grant	**SAR** to be corrected	**ISIR** to be corrected (electronic)	**Professional Judgment** SAR or EDE	**Valid SAR or ISIR**
Student	Must sign corrections statement on Part 2 of SAR	School must have signed documentation		No signature required
Parent(s) (of dependent student)	At least one parent must sign corrections statement on Part 2 of SAR	School must have signed documentation		No signature required
FAA			Must certify for adjustments or dependency override	

Note:

- Statements of Educational Purpose and Overpayment/Default are on the FAFSA and are considered signed when student signs the FAFSA.
- Student's spouse is not required to sign any of the student's financial aid documents.



Resources

- ★ *Federal Student Financial Aid Handbook: Student Eligibility*

Answer Key

Checkpoint #1 - 30%

Feld School of Law: **1,000 applicants must be verified**

Howard Education Institute: **30 applicants must be verified**

Checkpoint #2 – Corrections

Feld School of Law:
b is correct

Howard Education Institute:
Pell: **a, b, and c are correct**
Perkins: **a is correct**

1999-2000 Verification Working Paper

Student: **Charles Whitney** SS#: **987-65-4321** Dep. Status: **Ind.**

Tax Returns Filed	Student/Spouse (circle one):	1040, 1040A, 1040EZ, Other, None filed
	Parent(s) (circle one):	1040, 1040A, 1040EZ, Other, None filed

Item (SAR #)	Amount on Output Document	Amount Verified (Source)	Match?		
			Yes	No	N/A
Household Size (59/77)	3	4 (Worksheet)		X	
# in College (60/78)	2	2 (Worksheet)	X		
Student/Spouse AGI (41)	$19,000	$18,756 (1040-33, A-18, EZ-4)		X	
Student/Spouse Income Tax Paid (42)	$0	$0 (1040-49, A-32, EZ-10)	X		
Student/Spouse EIC (44)	$1,230	$1,230 (1040-59(a), A-37(a), EZ-8(a))		X	
Parent AGI (64)		(1040-33, A-18, EZ-4)			
Parent Income Tax Paid (65)		(1040-49, A-32, EZ-10)			
Parent EIC (67)		(1040-59(a), A-37(a), EZ-8(a))			
Non-Filers Only					
Student Earnings (45)		(W2)			
Spouse Earnings (46)		(W2)			
Father Earnings (68)		(W2)			
Mother Earnings (69)		(W2)			
Data from Worksheets A & B - Untaxed Income & Exclusions from Income (list and verify items that apply)					
Child Support	$200	$2,400 (verif. worksheet)		X	
Educ. Tax Credits	$0	$941 (1040A, line 24)		X	

Net Error = $ **1,015**

Verification Status Code: N A W T C [✓ R] S

Verification Performed By: ____________

Date: ____________

Notes:

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Session 7

Your School and The Funds

Questions we will answer during this session:

How does a school show institutional eligibility?

How does a school show financial responsibility?

What are the main cash management rules a school must follow?

How does a school show administrative capability?

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How does a school show institutional eligibility?

ELIGIBLE SCHOOL DEFINITIONS

Institution of Higher Education	Proprietary Institution of Higher Education	Postsecondary Vocational Institution
ELIGIBLE FOR ALL SFA PROGRAMS		
Control: A public or private nonprofit educational institution located in a state.	***Control:*** A private, for-profit educational institution located in a state.	***Control:*** A public or private nonprofit educational institution located in a state.

Legal authorization: Is legally authorized by the state where it offers postsecondary education to provide a postsecondary educational program.

Accreditation: Is accredited by a nationally recognized accrediting agency or has met the alternative requirements.

Admissions: Admits as regular students only persons with a high school diploma or its recognized equivalent, or persons beyond the age of compulsory attendance in the state where the institution is located.

Program offered:

Provides

(1) an associate, baccalaureate, graduate, or professional degree, or

(2) at least a two-year program that is acceptable for full credit toward a bachelor's degree, or

(3) at least a one-year training program that leads to a degree or certificate (or other recognized educational credential) and prepares students for gainful employment in a recognized occupation.

Program offered:

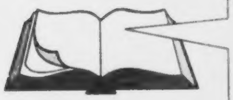
Must provide training for gainful employment in a recognized occupation, and must meet the criteria of at least one category below.

(1) Provides at least a 15-week (instructional time) undergraduate program of 600 clock hours, 16 semester or trimester hours, or 24 quarter hours. **May** admit students **without** an associate degree or equivalent.

(2) Provides at least a 10-week (instructional time) program of 300 clock hours, 8 semester or trimester hours, or 12 quarter hours. Must be a graduate/professional program, or **must** admit only students with an associate degree or equivalent.

(3) *Short-term Program.* Provides at least a 10-week (instructional time) undergraduate program of 300-599 clock hours. **Must** admit at least some students who do not have an associate degree or equivalent, and must meet specific qualitative standards. **Note: These programs are eligible only for FFEL and Direct Loan participation.**

Two-year Rule. Has been legally authorized to give (and has been giving) postsecondary instruction for at least two consecutive years.



All of the following excerpts are from *FSFSA Handbook: Institutional Eligibility and Participation*

HANDBOOK HIGHLIGHTS

CONTROL AND LEGAL AUTHORIZATION

The "control" of an institution distinguishes whether the school is public or private, nonprofit or for-profit. Under the institutional definitions, an "institution of higher education" or a "postsecondary vocational institution" can be either public or private, but is always nonprofit. A "proprietary institution of higher education" is always a private, for-profit institution.

A nonprofit institution:
- is owned and operated by one or more nonprofit corporations or associations whose net earnings do not benefit any private shareholder or individual,
- is legally authorized to operate as a nonprofit organization by each state in which it is physically located, and
- is determined by the Internal Revenue Service to be eligible for tax-deductible contributions.

ACCREDITATION

Generally, an institution must be accredited by a nationally recognized accrediting agency to be eligible. The Department has published regulations governing the procedures and criteria for recognizing accrediting agencies. For more information, see the Accreditation regulations (34 CFR Part 602). The Department periodically publishes a list of recognized accrediting bodies in the *Federal Register*, based on criteria given in 34 CFR Part 602. Copies of this list are also available from the:

U.S. Department of Education
Accreditation and Eligibility Determination Division
600 Independence Ave. SW, Room 3012 (ROB-3)
Washington, DC 20202-5244

Information is available on-line at
http://www.ed.gov/offices/OPE/pubs/accred

HANDBOOK HIGHLIGHTS

ADMISSIONS STANDARDS

An eligible institution may admit as regular students only persons who have a high school diploma or its recognized equivalent, or persons who are beyond the age of compulsory school attendance in the state in which the school is located.

Regular student : A person who is enrolled (or is accepted for enrollment) in an eligible program for the purpose of obtaining a degree, certificate, or other recognized educational credential.

Students who are beyond the age of compulsory attendance but who do not have a high school diploma or its recognized equivalent must meet ability-to-benefit criteria to be eligible for aid from the SFA Programs. (For more information on this student eligibility requirement, see *FSFSA Handbook: Student Eligibility* under "Ability to Benefit.")

PROGRAM ELIGIBILITY REQUIREMENTS

To qualify as an eligible institution, a school must offer at least one eligible program. As stated previously, not all programs at an eligible institution will necessarily be eligible, but at least one of the programs at the school must meet the eligible program requirements.

Generally, a student must be enrolled in an eligible program to receive SFA funds. Because a school's eligibility does not necessarily extend to all its programs, the school must ensure that a program is eligible *before* awarding SFA funds to students in that program. The school is ultimately responsible for determining that a program is eligible. In addition to determining that the program meets the eligible program definition, the school should make certain that the program is included under the notice of accreditation from a nationally recognized accrediting agency (unless the agency does not require that particular programs be accredited). The school should also make certain that it is authorized by the appropriate state agency to offer the program (if the state licenses individual programs at postsecondary institutions).

THE 90/10 RULE (formerly the 85/15 Rule)

To be eligible for SFA participation, a proprietary institution may derive no more than 90% of its revenues from the SFA Programs. As specified in 34 CFR 600.5(d), a school must determine its revenue percentages using the following formula:

$$\frac{\text{SFA Program funds (except SSIG or FWS) used for tuition, fees, and other institutional charges to students}}{\text{The sum of revenues generated by the school from: (1) tuition, fees, and other institutional charges for students enrolled in eligible programs; plus (2) school activities* necessary for the education or training of students enrolled in those eligible programs}}$$

*to the extent not included in tuition, fees, and other institutional charges

In determining whether a school satisfies the 90/10 Rule, the totals used in the fraction do *not* include refunds paid to or on behalf of students who have withdrawn, dropped out, been expelled, or otherwise failed to complete the period of enrollment. Charges for books, supplies, and equipment are not included in the fraction unless the amount is part of the tuition, fees, or other institutional charges.

CORRESPONDENCE COURSE LIMITATION (50% RULE)

An otherwise eligible institution is *not* eligible for SFA Program participation if, during the school's latest complete award year, more than 50% of its *courses* are taught through correspondence.

Telecommunications Course: A course offered principally through television, audio, or computer transmission, including open broadcast, closed circuit, cable, microwave, satellite, or audio or computer conferences. (Includes video courses if students physically attending the school also receive the video course in the same award year.)

Correspondence Course: A home study course provided to students who are not physically attending classes at the school; a course that is part residential and part correspondence. (Includes video courses unless students physically in attendance at the school receive the same video instruction in the same award year.)

Changes Requiring ED Approval

To report a change in...	Use...
Accrediting agency*	Question 15
State authorizing agency	**Question 17**
Institutional structure	Question 18
Educational programs outside the scope of your current approval	**Question 26**
Addition of non-degree programs outside the scope of your current approval	Question 27
Changing from or to clock or credit hours	**Question 27**
Addition of a location	Question 30
Federal student financial aid programs for which you are approved**	**Question 37**
For for-profit institutions only	
Type of ownership	**Question 22**
Ownership	Question 24

*Notify us BEFORE making ANY change that deals with your institution-wide accreditation. We will advise you on how to proceed.
**Approvals from your accrediting agency and state authorizing agency are NOT required for this change.

Report ALL changes to ED
http://eligcert.ed.gov

Changes Not Requiring ED Approval

To report a change in...	Use...
Name of institution[†]	Question 2
Name of CEO/president/chancellor	Question 10
Name of chief fiscal officer/financial officer	Question 11
Principal location–address change only[†]	Question 29
Other locations–address change only[†]	Question 29
Third-party servicers that deal with federal student financial aid	Question 58
For private nonprofit and for-profit institutions (NOT public institutions)	
Board of directors (but NOT trustees)	Question 20
For foreign schools only (including foreign graduate medical schools)	
Postsecondary authorization	Question 42
Degree authorization	Question 43
Program equivalence	Question 44
Program criteria	Question 45
U.S. administrative and/or recruitment offices	Question 46
For foreign graduate medical schools only	
Facility at which you provide graduate medical instruction	Question 47
Authorizing entity	Question 48
Approval of authorizing entity	Question 49
Length of program	Question 50
Programs located in the U.S.	Question 51

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[†] As soon as you have received approvals for the change from your accrediting agency and state authorizing agency, you must send us copies of the approvals for the change. We expect that within 15 days after we receive all of your information, either we will send you a letter of acknowledgment, or we will ask you to submit a new application.

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Checkpoint #1 – Institutional Eligibility

Mark "Yes" for each school that would qualify for Title IV based on the information given. Mark "No" for each school that would not qualify for Title IV.

1) The school offers nothing but correspondence courses.

☐ Yes ☐ No

2) The school admits students with GEDs.

☐ Yes ☐ No

3) The school derives 75% of its revenues from Title IV funds.

☐ Yes ☐ No

4) The school is in its 3rd year of offering postsecondary instruction.

☐ Yes ☐ No

5) The school reports all changes to ED electronically within 30 days.

☐ Yes ☐ No

How does a school show financial responsibility?

Title IV Financial Responsibility Standards

All Schools

A school is financially responsible if it meets the following criteria:

Provides all services described in its official publications and statements*

Provides administrative resources necessary to comply with requirements for participating in Title IV programs*

Meets all of its financial obligations,* including payment of:

- required refunds to students, &
- liabilities and debts to ED

Is current in paying any institutional debts*

Posts an irrevocable cash reserve, acceptable and payable to ED, equal to at least 25% of the total amount of Title IV program refunds paid by the school in the previous fiscal year**

Does not have as part of its most recent audit report*:

- a statement expressing substantial doubt of the school's ability to continue as a going concern *or*
- a disclaimed or adverse opinion by the accountant

The individual who exercises significant control over the school does not owe a liability for a Title IV program violation, unless the school and the individual owing the liability meet the provisions of 668.15(d)(4)

Has not been limited, suspended, or terminated *or* has not entered into a settlement agreement to resolve a limitation, suspension, or termination within the preceding 5 years

Was not required to repay an amount greater than 5% of Title IV funds received for an award year as a result of findings during its 2 most recent program reviews or audits

Was not cited during the preceding 5 years for failure to submit acceptable audit reports in a timely manner

Did not fail to resolve satisfactorily any compliance problems identified during a program review or audit

If a For-Profit Institution*

Totaling a composite score less than 1.5 when considering the following three ratios, described in 34 CFR 668.172.

(1) Primary Reserve
(2) Equity Ratio
(3) Net Income Ratio

When totaling the Primary Reserve ratio, include federal HEA funds for purposes of determining the 1.5 score.

Schools failing to meet the requirement *may* still qualify under an alternative standard, including:

(1) the Letter of Credit alternative;
(2) the Zone alternative

See 34 CFR 668.175 for details.

If a Nonprofit Institution*

Totaling a composite score less than 1.5 when considering the following three ratios, described in 34 CFR 668.172.

(1) Primary Reserve
(2) Equity Ratio
(3) Net Income Ratio

When totaling the Primary Reserve ratio, include federal HEA funds for purposes of determining the 1.5 score.

Schools failing to meet the requirement *may* still qualify under an alternative standard, including:

(1) the Letter of Credit alternative;
(2) the Zone alternative

See 34 CFR 668.175 for details.

If a Public Institution*

(Needs to meet only one of the following)

Has its liabilities backed by the full faith and credit of the state or other equivalent government entity, *or*

Has a positive unrestricted current fund balance, if reporting under the Single Audit Act, *or*

Has a positive unrestricted current fund balance in the state's higher education fund as presented in the general purpose financial statements, *or*

Submits documentation from the state auditor general that it has met all of its financial obligations during the past year and has sufficient resources to meet all of its financial obligations

OR

Has outstanding debt obligations that are listed at or above the second highest credit rating level by a nationally recognized statistical rating organization

* A school may be considered financially responsible even if the school fails to meet this standard if the school submits to ED an irrevocable letter of credit of not less than one-half the Title IV program funds received by the school for an award year *or* the school is able to establish that it has sufficient resources to ensure against its precipitous closure.

** This standard does not apply if the school:
1. is located in a state that has a tuition-recovery plan that is acceptable to ED, and the school contributes to that tuition-recovery fund;
2. has its liabilities backed by the full faith and credit of the state or by an equivalent governmental entity; *or*
3. demonstrates to ED that for each of the two most recently completed fiscal years it has made timely refunds to students and has met all of the financial responsibility standards.

Maintaining Title IV Funds

Bank Or Investment Accounts

- Schools must maintain Title IV funds in a bank or investment account that is federally insured or secured by collateral of value that is the reasonable equivalent of the amount of those funds.
- Schools participating in the Federal Perkins Loan Program must establish and maintain a Federal Perkins Loan Fund.
- Federal Perkins Loan Fund must be maintained in an interest-bearing bank account or investment account consisting predominately of low-risk, income-producing securities.
- Schools must maintain Federal Pell Grant, campus-based, and Direct Loan Program funds in an interest-bearing or investment account (except Federal Perkins Loan funds) unless the schools:
    - Drew down less than $3 million in the prior award year and anticipate that they will not draw down more than $3 million in the current award year;
    - Can demonstrate by their cash management practices that they will not earn more than $250 on those funds during the award year; or
    - Will use the just-in-time payment method to request Title IV funds.
- Schools must identify clearly that Title IV funds are maintained in each bank or investment account that contains Title IV funds. To comply, schools must:
    - Include the phrase "Federal Funds" in each account name; or
    - Notify the bank or investment company of the accounts that contain Title IV funds and retain a record of that notice **and**, unless the school is a public institution, file a UCC-1 statement disclosing that the account contains federal funds.

Separate Accounts

- Schools are no longer required to maintain FFEL Program funds in separate accounts under 34 CFR 682.207(b).
- ED may require schools to maintain all Title IV funds, including FFEL Program funds, in a separate bank or investment account containing no other funds if ED determines that schools failed to comply with:
    - Title IV cash management requirements;
    - Title IV recordkeeping and reporting requirements; or
    - Applicable program regulations.

Maintaining Title IV Funds (cont'd)

Separate Accounts (cont'd)

☞ If schools are not required to maintain separate accounts and choose not to maintain Title IV funds in separate accounts, they must maintain accounting and internal control systems that identify the:

- Cash balance of each Title IV program included in a school's bank or investment account as readily as if those program funds were maintained in a separate account; and
- Earnings on Title IV program funds maintained in a school's bank or investment account.

Treatment Of Earnings On Title IV Program Fund Accounts

☞ Schools that maintain Federal Pell Grant, FSEOG, FWS, and Direct Loan Program funds in an interest-bearing or investment account may keep the initial $250 earned on those funds during an award year. By June 30 of each award year, the schools must remit to ED all earnings that exceed a total of $250 on those Title IV funds.

☞ For Federal Perkins Loan Program Funds, any interest or income earned on a fund is retained by the schools as part of the fund.

When Credit Balances Must Be Paid

No later than 14 calendar days after the first day of class of a payment period if the credit balance occurred *on or before* the first day of that payment period.

Example A

Day Credit Balance Occurred	First Day of Classes	14 Days After First Day of Classes of Payment Period
September 5, 1999	September 10, 1999	September 24, 1999

No later than 14 calendar days after the balance occurred if the credit balance occurred *after* the first day of a payment period.

Example B

First Day of Classes	Day Credit Balance Occurred	14 Days After Credit Balance Occurred
September 10, 1999	September 20, 1999	October 4, 1999

No later than 14 calendar days after the date the student or parent rescinds the authorization for the school to hold funds.

Credit Balance Question

On January 2nd, Hale University receives $6,300 of Title IV funds on behalf of Juan, a junior. Juan's tuition and fees total $5,500. He is living at home and commuting to school. The payment period begins on January 10th. Hale U. credits Juan's school account on January 3rd.

1) What is the amount of the Title IV credit balance? _____

2) By what date must the school disburse the credit balance to Juan?

_____

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MANAGING CA$H MANAGEMENT

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22 29	23 30	24	25	26	27	28

The beginning of the payment period at your school is Monday, September 15th. Please fill in the dates for the following events:

1) The earliest you can request Pell Grant money is _______.

2) The earliest you can disburse Pell Grant money is _______.

3) The date by which you must pay Student A her Title IV credit balance, which occurs on September 13th, is _______.

4) The date by which you must pay Student B his credit balance, which occurs on September 15th, is _______.

5) If you receive your Title IV funds on Friday, September 12th, the date by which you must disburse those funds is _______.

Fill in the blanks below:

6) You can request Title IV funds via the Internet using _______.

7) _______ is an additional system used for Pell.

8) The most interest on Title IV a school can keep is _______ per award year.

How must a school show administrative capability?

Title IV Administrative Capability Standards

A school is administratively capable if it:

- administers Title IV programs in accordance with all Title IV requirements;
- designates a capable individual to be responsible for administering Title IV programs;
- has adequate staffing for administering Title IV programs;
- communicates to the individual responsible for administering Title IV programs all information that bears on a student's Title IV eligibility;
- has written procedures for administering Title IV programs;
- administers Title IV programs with adequate checks and balances in its system of internal controls;
- divides the functions of authorizing Title IV payments and disbursing/delivering Title IV funds so that the functions are carried out by at least two (2) organizationally independent individuals;
- establishes and maintains required Title IV records;
- for purposes of determining student eligibility for Title IV assistance: establishes, publishes, and applies reasonable standards for measuring whether a student is maintaining satisfactory academic progress in completing his/her educational program;
- develops an adequate system for resolving discrepancies in information related to a student's application for Title IV assistance;
- refers to ED's Office of Inspector General information indicating when an applicant for financial aid, employee, or agent of the school might have engaged in fraud or other criminal misconduct in connection with Title IV programs;
- provides adequate financial aid counseling to Title IV Program applicants;
- submits all required Title IV program reports in a timely manner, including required fiscal reports and financial statements;
- does not demonstrate any significant problems in its ability to administer Title IV programs;
- does not have any individual affiliated with the school who is/has been debarred or suspended or is engaging in any activity that is cause for suspension or debarment under Executive Order 12549 or the Federal Acquisition Regulation;
- for a school that seeks initial participation in a Title IV program: does not have more than 33% of its students withdraw during an academic year;
- has a cohort default rate* of less than 25% under the Federal Family Education Loan Program and/or Direct Loan Program for each of the three (3) most recent fiscal years and equal to or less than 15% under the Federal Perkins Loan Program; and
- does not appear to lack the ability to administer Title IV programs competently.

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*If a school is determined not to be administratively capable on the basis of this standard only, ED will provisionally certify the school's participation in Title IV programs.

Financial Aid Calendar

This Financial Aid Calendar was developed to help financial aid administrators identify when deadlines must be met and when they can expect to receive certain items from the U.S. Department of Education (ED).

The 1999-00 Federal Student Financial Aid Handbook and regulations provide more specific information.

Keep in mind that regulations governing the federal student financial aid programs are often amended. You will find it necessary to update and revise your calendar as you receive notices of any changes.

Each institution must determine the most effective way to operate its financial aid office. Because schools vary in the size and scope of their financial aid programs, there is no one best way to administer a financial aid office. Nevertheless, due to many requests for guidelines to follow throughout the year, especially from schools that are new to Title IV programs, ED offers the following suggestions.

Managing a financial aid office:

- Provide adequate staff to ensure a proper division of responsibilities.
- Define staff roles.
- Develop and maintain a policies and procedures manual.
- Establish and maintain a file of ED-issued "Dear Colleague" letters.
- Maintain an up-to-date collection of statutory and regulatory requirements for managing Title IV programs.
- Maintain a library of resource materials, including the *Audit Guide*, *The 1999-00 Federal Student Financial Aid Handbook*, and *The Blue Book (Spring '99)*.

Staff-related functions:

- Identify training opportunities, such as those provided by ED and professional associations. Determine staff members from various offices (business office, financial aid office, and so on) who should attend these training workshops.
- Plan for regularly scheduled staff meetings and in-house training.
- Schedule vacations so that appropriate staff members are available during critical periods.

Scheduling:

- Determine due dates for any internal financial aid reports, for reports due to federal and state agencies, and for any scholarship reports.
- Determine specific deadlines your school must meet.
- Coordinate activities with related school offices, such as the admissions office and business office.
- Determine when to develop the upcoming year's financial aid calendar.

Audits and self-evaluation:

- Identify time frames for required audits and any optional self-evaluations.
- Conduct documentation reviews of student files for compliance.

Forms and brochures:

- Review and update all institutional brochures and consumer information regularly. Remember to allow time for printing.

- Request or produce necessary financial aid forms in a timely manner to assure adequate supplies.
- Publish deadlines and priority dates by which applicants must complete and return all student financial aid forms and documentation.

Letters and reminders:

- Determine dates for mailing out award letters, if applicable.
- Identify dates to send out various types of reminders and notices to students about loan counseling sessions.
- Determine dates for sending any necessary forms or reports to ED.

Arranging interviews and counseling:

- Schedule group sessions for students interested in financial aid.
- Schedule entrance and exit loan counseling for Federal Perkins, Federal Family Education Loan (FFEL), and Federal Direct Loan borrowers.
- Schedule interviews for verification, when necessary.

Satisfactory academic progress:

- Determine the borrower's satisfactory academic progress before making each Title IV disbursement (except FWS).
- If necessary, send letters, schedule interviews, and/or determine specific times when appeals will be considered.

Campus-based programs:

- Update the ED-required lobbying disclosure form quarterly, if necessary.
- Reconcile monthly campus-based fiscal operations.
- Federal Work-Study:

  Locate student job positions on campus and off campus, as needed.

  Determine times for reconciling FWS payroll.

  Coordinate FWS payroll activities (determine who is responsible for placing students, submitting time sheets, and monitoring earnings).

Federal Pell Grants:

- Determine which staff will create and submit Pell Grant origination and disbursement records to RFMS.
- Amend reporting on expected disbursements, as necessary, for students who have withdrawn or graduated.
- Schedule meetings with the business office to make sure program refunds are made within a 30-day period and that the Student Payment Summary (final report) agrees with the final general ledger and Fiscal Operations Report and Application to Participate (FISAP).
- If disbursement records need to be updated, reconcile internal Pell Grant disbursement records monthly (for example, existing records need corrections because students have withdrawn from school or new Pell Grant recipients need to be reported).

Direct Loans:

- Reconcile monthly.
- Review error reports.

JULY*

- Beginning of new federal student financial aid award year.
- Deadline for institutions to send reallocation forms to ED to release previous year's unexpended balances for campus-based programs.
- ED issues current year's Federal Perkins Loan teaching-service cancellation reimbursements to institutions.
- Schools must report to ED if their percentage of correspondence, incarcerated, or ability-to-benefit students or their correspondence courses exceed applicable limits.

* Specific dates can vary from year to year.

AUGUST*

- The previous year's FISAP in the Federal Perkins Loan, FSEOG, and FWS Programs and drug-free workplace, anti-lobbying, and debarment certification forms are distributed to institutions by ED.
- Deadline for a student undergoing verification to submit a reprocessed Student Aid Report (SAR) or Institutional Student Information Record (ISIR) for the previous year to the financial aid office.
- ED disseminates the current year directory listing of low-income schools for teacher cancellation benefits under the National Defense/Direct and Federal Perkins Loan Programs.
- Federal Perkins Loan participant schools must submit annual Safeguard Activity Reports to maintain eligibility to participate in the Internal Revenue Service (IRS)/ED skip-tracing service.

* Specific dates can vary from year to year.

SEPTEMBER*

- ED publishes Fall Financial Aid Training Calendar.
- Publish and distribute annual institutional security report.
- Suggested date for institutions of higher education (IHEs) to submit drug-prevention certifications to ED, if applicable.
- Last date for upcoming year's electronic FISAP transmission and postmark for signed drug-free workplace, anti-lobbying, and debarment certifications.
- Supplemental allocations for current year's campus-based programs distributed to participating schools.

* Specific dates can vary from year to year.

OCTOBER*

- Upcoming year's FISAP due.
- Deadline for an institution to certify to ED that it has adopted and implemented a program to prevent the illicit use of drugs and the abuse of alcohol by students and employees.
- Deadline for ED's receipt of the previous year's Paul Douglas Teacher Scholarship Program Performance Report.
- Equity in Athletics Disclosure Act (EADA) report due. (This must be made available to the public, but submission to ED is required only if requested by ED.)

* Specific dates can vary from year to year.

NOVEMBER*

- Upcoming year's Renewal FAFSA and instructions scheduled for distribution to students.
- Upcoming year's Free Application for Federal Student Aid (FAFSA) forms and instructions scheduled for distribution to institutions.
- Institutions receive previous year's FISAP edits and computer printouts.

* Specific dates can vary from year to year.

DECEMBER*

- School receives procedures for appealing campus-based allocations.
- Deadline for transmitting previous year's FISAP corrections and edits to ED.

* Specific dates can vary from year to year.

JANUARY*

- ED publishes Winter Financial Aid Training Calendar.
- Students begin applying for financial aid for the upcoming academic year.
- Institutions applying for participation in one or more of the campus-based programs for the first time in the upcoming year must submit all documents required for determining eligibility to ED's Institutional Participation and Oversight Service (IPOS).

* Specific dates can vary from year to year.

FEBRUARY*

- ED makes the upcoming year's final Pell Grant Payment Schedule available to institutions.
- ED makes the upcoming year's campus-based program funding levels available to institutions.
- Deadline for ED to receive campus-based allocation appeals from schools.

* Specific dates can vary from year to year.

MARCH*

- Final Pell Grant Administrative Cost Allowance payment for previous year mailed to institutions.
- Deadline for institutions to file waiver or appeal of loss of FWS and/or FSEOG on the basis of under utilization.

* Specific dates can vary from year to year.

APRIL*

- Upcoming year's final campus-based allocation letters mailed to institutions.
- ED issues addendum to the upcoming year's directory listing of low-income schools for teacher cancellation benefits under the National Defense/Direct and Federal Perkins Loan Programs.

* Specific dates can vary from year to year.

MAY*

- ED publishes Summer Financial Aid Training Calendar.
- Anti-Lobbying Certification forms must be returned to ED by schools with campus-based programs that have allocations exceeding $100,000.

* Specific dates can vary from year to year.

JUNE*

- Deadline for schools to receive a valid SAR or ISIR.
- Deadline for excess Federal Perkins Loan cash on hand to be returned to ED.
- ED issues approval/denial letters for institutional requests for the upcoming year's waivers of Federal Work-Study and FSEOG institutional share requirements.
- Free Application for Federal Student Aid (FAFSAs) for the current award year must be received by the federal processor.

* Specific dates can vary from year to year.

Case Studies

Case Study 1: Gemma Stark

Dave Sutton, the business manager of Winsom Beauty Academy, won the top prize from Publisher's Clearinghouse and cleared out his desk at Winsom giving two hours notice.

George Bright, Winsom's CEO since 1995, was surprised, but he wasn't too concerned about disbursing student aid payments to the new class of 20 students that had just enrolled. The reason: The school's financial aid officer, Gemma Stark, was known to be thoroughly familiar with all of the student aid procedures at the school (she had been there for 10 years longer than George). He called Gemma to his office and said that he would have to ask her to take on the task of writing student checks, along with working up students' award packages, until Dave could be replaced. George assured Gemma that she would receive a nice bonus for this extra work, and said how glad he was to have someone on the staff who could be trusted to handle all of the important Title IV requirements.

What should Gemma reply? Why?

Case Study 2: Minna Lake

Minna Lake has agreed to try something new after many years of successful cello teaching and assumed the job of student aid counselor at Sterling School of Music. Learning of an ED-sponsored Title IV training workshop in the nearest ED regional-office city (about 300 miles away), she asks Strobe Leight, the school's financial aid director, to approve her travel to the workshop.

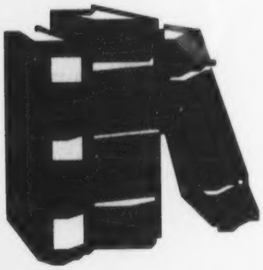
Strobe says, "Minna, I just don't see how we can spare you for four days with the backlog of work that's piled up since Sergio left for the Met. You can go to some training later this year."

Is this a wise decision by Strobe? Why or why not?

Case Study 3: Callie Fahey

"How disappointing that nice young man turned out to be a crook," thought Callie Fahey, Frasker Junior College's financial aid director. Her reaction came after Frank Linn, her counterpart at Sanger Tech, gave her evidence that freshman Jed Hart had used a false name and Social Security number to get Pell Grants at Frasker and Sanger at the same time. "Oh well, he's apparently left town, so it's not my problem any more," she shrugged.

Whose problem is it? Why?
(Hint: Check the Administrative Capability Chart)



Resources

- ★ *Federal Student Financial Aid Handbook: Institutional Eligibility and Participation*
- ★ 34 CFR 668, Subpart K (668.161-167)
- ★ 34 CFR 668.15, 668.16
- ★ Dear Colleague Letter GEN-97-6 (reporting changes)
- ★ Dear Colleague Letter GEN-97-11 (electronic requirements)

Questions Regarding Participation???

- Refer to the Help Document on electronic application to participate
- Contact ED's Institutional Participation and Oversight Service (IPOS) case management team

Region*	Contact	Phone	Fax	Internet
I	Boston	(617) 223-9338	(617) 223-4305	IPOS@ed.gov
II	New York	(212) 264-4022	(212) 264-5025	IPOS@ed.gov
III	Philadelphia	(215) 656-6442	(215) 656-6497	IPOS@ed.gov
IV	Atlanta	(404) 562-6315	(404) 562-6321	IPOS@ed.gov
V	Chicago	(312) 886-8767	(312) 353-2836	IPOS@ed.gov
VI	Dallas	(214) 880-3044	(214) 880-2462	IPOS@ed.gov
VII	Kansas City	(816) 880-4053	(816) 891-0983	IPOS@ed.gov
VIII	Denver	(303) 844-3677	(303) 844-4695	IPOS@ed.gov
IX	San Francisco	(415) 437-8276	(415) 437-8206	IPOS@ed.gov
X	Seattle	(206) 287-1770	(206) 553-0799	IPOS@ed.gov

* - see next page for regional map

For change of ownership or structure, or to request initial certification:

- Contact the Initial Participation Branch at
  phone - (202) 260-3270
  fax – (202) 260-3605
  Internet – IPOS@ed.gov

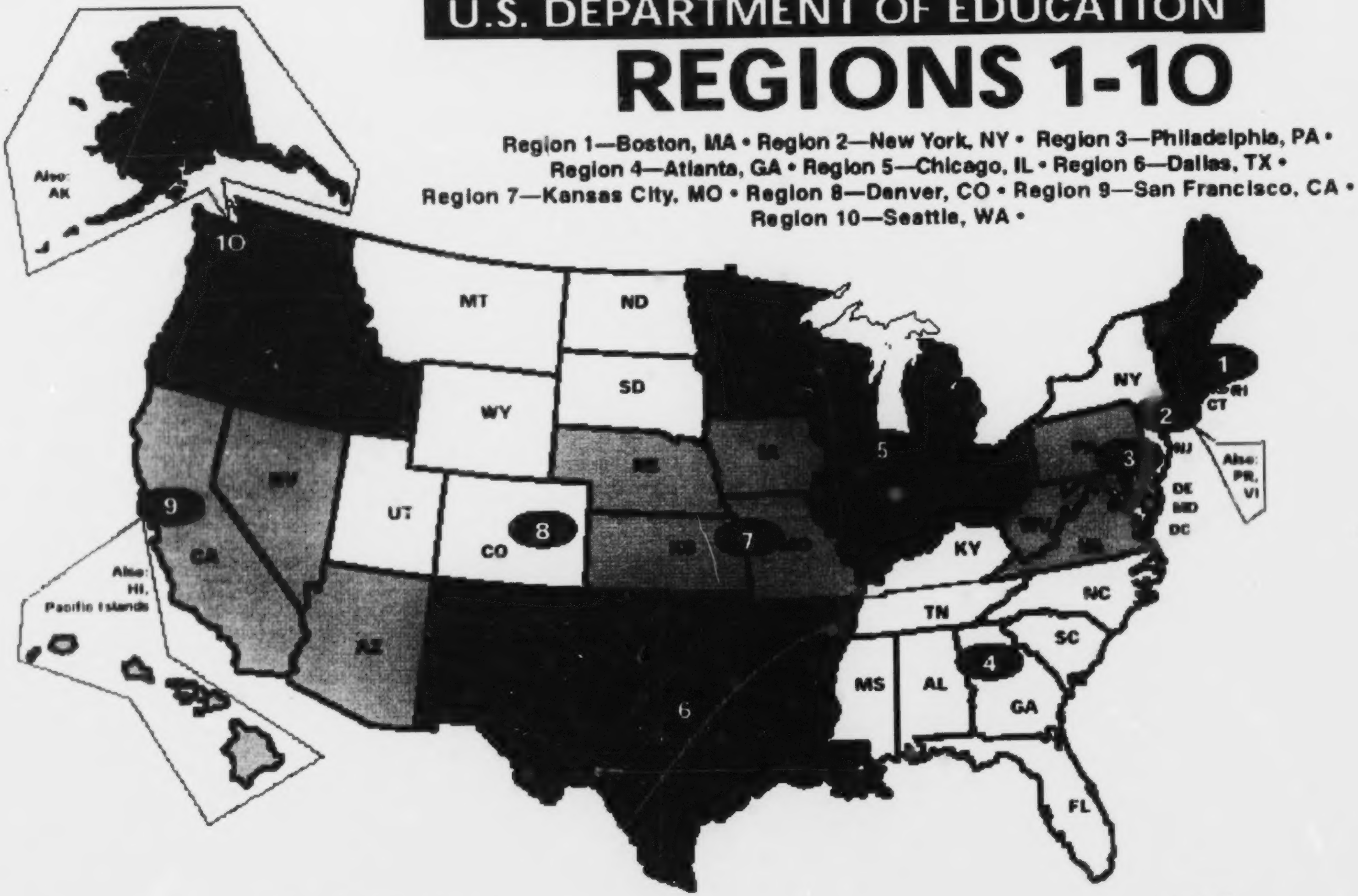
Assistance for foreign schools:

- Contact the Foreign School Team at
  phone – (202) 205-0183
  fax – (202) 708-9257
  Internet – IPOS@ed.gov

U.S. DEPARTMENT OF EDUCATION

REGIONS 1-10

Region 1—Boston, MA • Region 2—New York, NY • Region 3—Philadelphia, PA • Region 4—Atlanta, GA • Region 5—Chicago, IL • Region 6—Dallas, TX • Region 7—Kansas City, MO • Region 8—Denver, CO • Region 9—San Francisco, CA • Region 10—Seattle, WA •


Also: AK
10
MT
ND
SD
WY
NY
1
RI
CT
2
NJ
3
Also: PR, VI
DE
MD
DC
5
9
UT
8
CO
7
KY
Also: HI, Pacific Islands
NC
TN
SC
4
MS
AL
GA
6
FL

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Answer Key

Checkpoint #1: Institutional Eligibility

1) No. (only 50% may be correspondence)
2) Yes.
3) Yes. (up to 90% OK)
4) Yes. (at least 2 years)
5) No. (10 days)

Credit Balance Questions

1) $800.
2) January 24th

Managing Cash Management

1) 9/2
2) 9/5
3) 9/29
4) 9/29
5) 9/17
6) GAPS
7) RFMS
8) $250

Case Studies

1) Consider separation of functions.
2) Trainings are vital and worth the time and expense.
3) Report fraud to authorities. Everyone who knows is responsible.

Session 8

Electronic Requirements

Questions we will answer during this session:

What are the major electronic processes in which schools are required to participate?

How do schools send and receive data electronically?

What role does the Internet play in Title IV?

How do schools get answers to questions regarding the electronic requirements?

What are the major electronic processes in which schools are required to participate?

ED-DESIGNATED PROCESSES AND DEADLINE DATES

Deadline Date	Designated Electronic Processes
January 1, 1998	◆ Participate in the Title IV Wide Area Network (TIV WAN)*. ◆ For the 1998–99 processing year[1] and beyond: • Receipt of Institutional Student Information Records (ISIRs).[2] • Adding your institution to the Central Processing System (CPS) Record*. • On-line access to the National Student Loan Data System (NSLDS).
July 1, 1998	◆ Access the "Info for Financial Aid Professionals" web site or the Student Financial Assistance Bulletin Board System (SFA BBS). ◆ Submission of the Application for Approval to Participate in Federal Student Aid Programs (recertification, reinstatement, and changes) through the Internet. ◆ Submission of the Fiscal Operations Report and Application to Participate (FISAP)* to the Title IV Wide Area Network (TIV WAN). Diskettes and magnetic tapes/cartridges eliminated.
July 1, 1999	◆ For the 1999–2000 award year and beyond: Report Federal Pell Grant Payments electronically or on magnetic tape or cartridge to the Title IV Wide Area Network (TIV WAN). Diskettes eliminated. ◆ Submit Student Status Confirmation Report (SSCR) data electronically or on magnetic tape or cartridge to the National Student Loan Data System (NSLDS). Diskettes eliminated. ◆ Submit Federal Perkins Loan Data electronically or on magnetic tape or cartridge to the National Student Loan Data System (NSLDS). Diskettes eliminated.

[1] The application processing cycle lasts 18 months. For the 1998–99 award year, application processing begins in January 1998 and applications for that year will be accepted until June 30, 1999.

[2] The Secretary realizes that processing Title IV aid upon the receipt of an ISIR, rather than the paper Student Aid Report (SAR), may be new for some institutions. In order to provide these institutions sufficient time to implement electronic procedures to receive ISIRs, the Secretary will not assess any penalties against an institution that is not able to comply with this requirement on January 1, 1998. However, beginning July 1, 1998, all institutions are expected to be receiving ISIRs electronically for any Title IV applicant who has listed that institution on the applicant record in the CPS.

_____ * - See Glossary

TECHNICAL SPECIFICATIONS FOR ED-REQUIRED ELECTRONIC PROCESSES

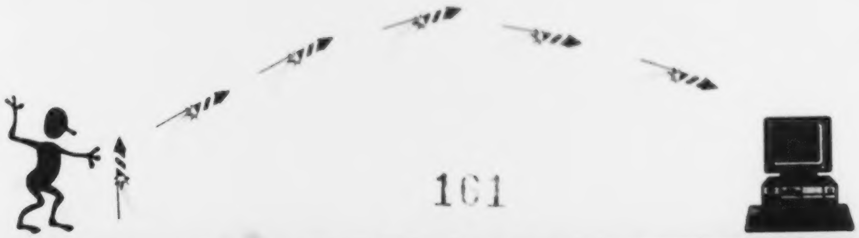
	Current Minimum Configuration (Depending Upon Volume and Usage)	Minimum Configuration Required by January 1999
Equipment	◆ IBM or fully IBM-compatible PC ◆ 66 MHz* Processor 486DX2 ◆ 16 MB RAM* ◆ 300 MB* Hard Disk Space ◆ 14,400 bps* or higher baud Hayes or comparable Modem* ◆ 3.5"/1.44 MB Diskette Drive ◆ SVGA Monitor* ◆ Standard Keyboard ◆ Printer capable of printing on standard paper (8 ½" x 11") ◆ 4x CD-ROM* Drive with sound board[1]	◆ IBM or fully IBM-compatible PC ◆ 200 MHz Pentium Processor or compatible ◆ 64 MB RAM ◆ 4.0 GB* SCSI* Hard Drive ◆ 56K Analog Modem ◆ 3.5"/1.44 MB Diskette Drive ◆ SVGA Monitor ◆ Windows 95 Keyboard ◆ Laser printer capable of printing on standard paper (8 ½" x 11") ◆ 12x CD-ROM Drive with sound board[1]
Software	◆ MS-DOS version 6.2 or higher; Windows 3.1, 3.11, or 95 ◆ Internet Service Provider (ISP)[2] ◆ Netscape Navigator* 3.0 or 3.01 (domestic), Microsoft Internet Explorer 4.0, or other web browser*[3]	◆ 32 bit operating system* (Windows 95* or Windows NT 4.x*) ◆ Internet Service Provider (ISP)[2] ◆ Netscape Navigator 3.0 or 3.01 (domestic), Microsoft Internet Explorer 4.0, or other web browser[3]
Phone Line	◆ Dedicated phone line	◆ Dedicated phone line
Diskettes	◆ 3.5" high-density double-sided diskettes	◆ 3.5" high-density double-sided diskettes

[1] Required if institutions want to use the EDExpress Tutorial and the AWARE software.

[2] Will be necessary to access the "Information for Financial Aid Professionals" web site or the Student Financial Assistance Bulletin Board System (SFA BBS) and for submission of the Application for Approval to Participate in Federal Student Aid Programs (recertification, reinstatement, and changes).

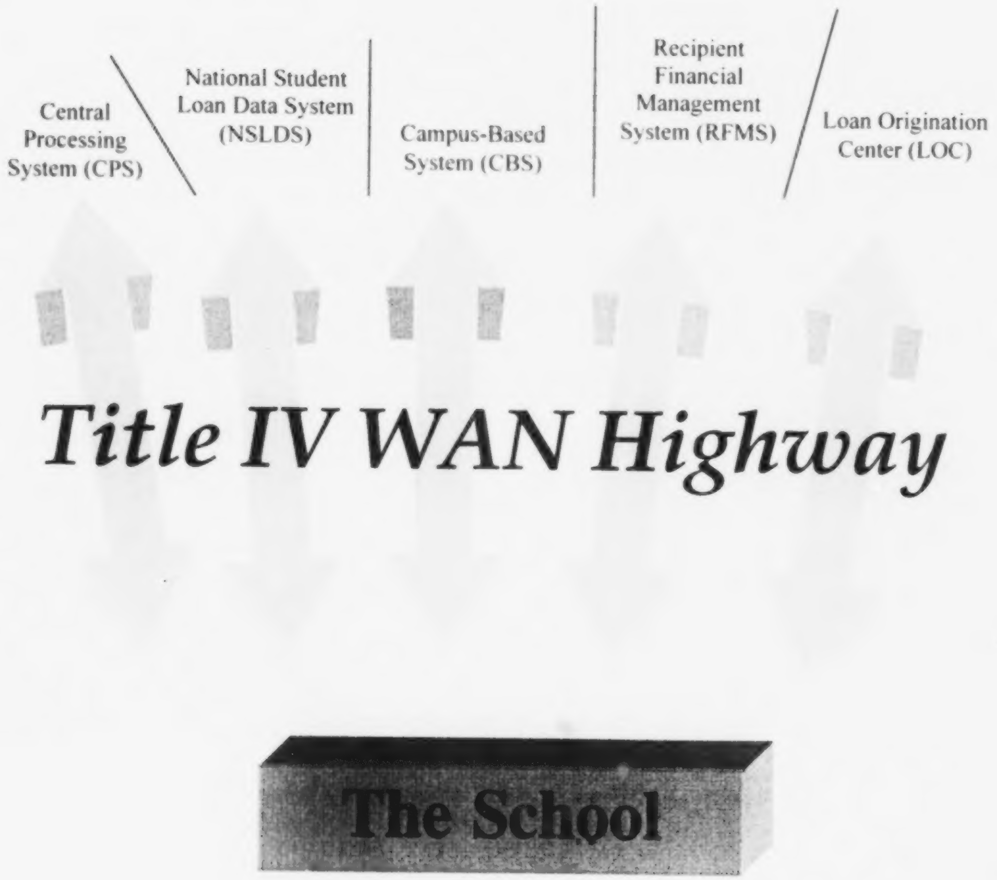
[3] Currently must use Netscape Navigator 3.0 or 3.01 (domestic) or Microsoft Internet Explorer 4.0 in order to utilize FAFSA on the Web. The Department is currently testing other web browsers that will be made available to the public in the near future.

_____* - See Glossary



How do schools send and receive data electronically?

TIV WAN Destination Points



Central Processing System (CPS)

National Student Loan Data System (NSLDS)

Campus-Based System (CBS)

Recipient Financial Management System (RFMS)

Loan Origination Center (LOC)

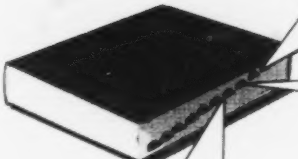
Title IV WAN Highway

The School

Checkpoint #1 – Destination Points

In the situation described below, fill in the appropriate destination points.

Santana College has just gotten connected to the Title IV Wide Area Network. They are anxious to get off the ground with several processes. First, financial aid employees take a pile of student FAFSAs so they can enter the data to send them to the _____ for processing. The school, a Perkins participant, will send campus-based data to the _____. Being a Direct Loan school, some members of the staff are busy preparing data to submit to the _____. Then they need to report overpayment information to the _____. Finally, they must report Pell disbursements to _____.



Batching – combining several student files into one package to send to an ED destination point over the Title IV Wide Area Network

Exporting – moving batches from EDExpress or similar software into EDconnect so they can travel over TIV WAN

Importing – moving files from EDconnect into EDExpress or similar software for processing.

Filenames

Message Class				Extension
Electronic Applications	1999-00	In to ED		First file of this type
EAPS	00	IN	.	DAT
Content of File	Year	Which way the data is moving		The number of files of this type there have been
SARA	00	OP	.	002
Processed applications (ISIRs)	1999-00	Out from ED		Third file of this type

Checkpoint #2 – Terminology

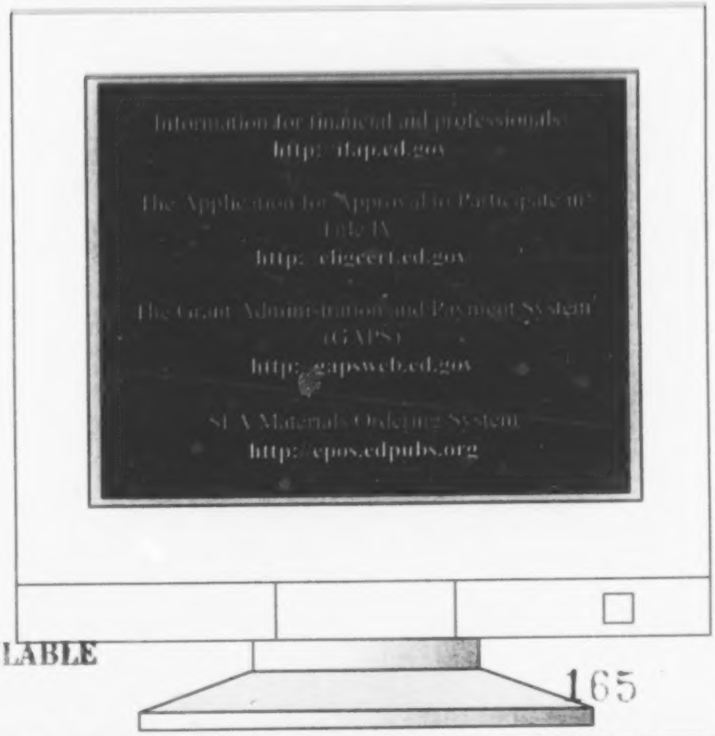
1) A package of data is called a _______.

2) In a process called _______, you can create a _______ using _______, and then move it into _______ so it can ride the TIV WAN highway.

3) The process of _______ involves moving data from Edconn32 into _______.

4) The filename is **EAPS99IN.04**. What is the year? ______
Is the data traveling to ED or to the school? __________
How many *previous* files of this name have been sent? _____

What role does the Internet play in Title IV?



Information for financial aid professionals
http://ifap.ed.gov

The Application for Approval to Participate in Title IV
http://eligcert.ed.gov

The Grant Administration and Payment System (GAPS)
http://gapsweb.ed.gov

SFA Materials Ordering System
http://epos.edpubs.org

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Final Exam – Electronic Requirements

True or False

1) Even though ED requires schools to be able to access the IFAP page, ED will always send paper versions of Dear Colleague letters to schools.

____

2) The vehicle on which schools must place their data to be sent over the TIV WAN highway is called EDExpress. _______

3) The Central Processing System (CPS) and the school's financial aid office are both examples of destination points. _______

4) In the filename EAPS99IN.001, the IN describes data coming in to the school from ED. _______

5) Schools must register with ED to use any part of the IFAP web site.

____

6) Some features of EDExpress involve electronic applications.

____

7) Data your school receives over the TIV WAN must be imported from EDconnect into EDExpress (or other software) before you can read and use the data. _______

8) If your school undergoes a change of ownership, you must now report this change to ED electronically. _______

9) Your business office may either use GAPS or order funds using a paper "Title IV I-52 Request Form." _______

10) Electronic participation is strongly encouraged by ED, but is not currently required. _______

How do schools get answers to questions regarding the electronic requirements?

CUSTOMER SERVICES AND OTHER INFORMATION FOR ED SOFTWARE AND ELECTRONIC SERVICES

Service Unit Phone Number and E-Mail Address	Service Area	
	Customer Service	**ED Software and Technical Resources**
CPS Customer Service and Direct Loan Technical Customer Service 1-(800) 330-5947 (7:00 A.M. - 7:00 P.M. CST) e-mail: CPS@NCS.COM fax: 1-(319) 358-4260	◆ Technical support for EDExpress for Windows (Application Processing, Packaging, Direct Loans, SSCR), EDExpress for Windows Tutorial (CD-ROM and diskette versions), AWARE (Early Awareness Software), IQAP for Windows, FISAP software, and Pell Payment for Windows ◆ Questions on ISIRs (applications, corrections, and duplicates) ◆ PC and LAN configuration support to run EDExpress ◆ Phone walk-through of software to ensure user understanding ◆ State agency electronic data needs (EDE or tape) ◆ Questions regarding EDE Technical Reference for custom system developers ◆ SSCR record processing in EDExpress ◆ Data reconciliation issues between DL schools and DL Origination Center ◆ On-site support at DL schools to ensure continued processing ◆ Questions on FISAP software	**Software** ◆ EDExpress (Application Processing, Packaging, Direct Loan, SSCR) software ◆ EDExpress for Windows Tutorial (CD-ROM or diskette) ◆ AWARE (Early Awareness Software) ◆ IQAP for Windows ◆ FISAP (to be released Summer 1998) ◆ PC hardware/software support for Pell Payment software for Windows **Technical Specifications** ◆ *Electronic Data Exchange (EDE) Technical Reference Guide* (process FAFSA application data with CPS, interface external systems with EDExpress, SSCR, and Packaging functions)

CUSTOMER SERVICES AND OTHER INFORMATION FOR ED SOFTWARE AND ELECTRONIC SERVICES (CONT'D)

Service Unit Phone Number and E-Mail Address	Service Area	
	Customer Service	**ED Software and Technical Resources**
FAFSA on the Web/FAFSA Express Customer Service 1-(800) 801-0576 (7:00 A.M. - 4:30 P.M. CST) e-mail: CPS@NCS.COM	◆ Technical support for FAFSA on the Web and FAFSA Express ◆ Assist with FAFSA Express software on user's PC (from disk or downloaded from ED's Web page) ◆ Questions regarding applicant status and signature page hold ◆ Basic connectivity questions to transmit application ◆ Help accessing the Web page	**Software** ◆ FAFSA on the Web ◆ FAFSA Express
Title IV WAN Customer Service 1-(800) 615-1189 (7:00 A.M. - 10:00 P.M. CST) e-mail: T4WAN@NCS.COM	◆ Technical support for EDconnect for Windows, Integrated Application Menu (IAM), and mainframe transmission software ◆ Transmission problems connecting to the network ◆ Transmission errors ◆ Network password changes and resets ◆ Status of mailbox ◆ Restoring data to mailbox ◆ Enrollment and participation ◆ Billings and invoices ◆ Distribution of software and user's manual ◆ Technical Support for NSLDS (enrollment, receiving/sending SSCR file, getting into NET*CONNECT for on-line query)	**Software** ◆ EDconnect for Windows ◆ Integrated Application Menu (IAM) software **Technical Specifications** ◆ *Title IV WAN Mainframe Guide* Instructions for using the Title IV WAN in a mainframe environment ◆ *EDconnect for Windows User's Guide* Specific information about using Title IV WAN and EDconnect for Windows

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CUSTOMER SERVICES AND OTHER INFORMATION FOR ED SOFTWARE AND ELECTRONIC SERVICES (CONT'D)

Service Unit Phone Number and E-Mail Address	Service Area	
	Customer Service	**ED Software and Technical Resources**
NSLDS Customer Service 1-(800) 999-8219 (7:00 A.M. - 7:00 P.M. EST)	◆ Technical support for Small School Template and DataPrep Software (for Federal Perkins Loan Program reporting) ◆ Default rate calculations ◆ SSCR reporting ◆ Financial aid history (FAT) information (ISIR/prescreening) ◆ Data provider monthly submissions ◆ On-line functions ◆ User manuals	**Software** ◆ Small School Template ◆ DataPrep Software ◆ NSLDS-The Paperless Link (NSLDS Computer Based Training Tutorial) **Technical Specifications** ◆ *NSLDS Data Provider Instructions for Schools* Technical reference providing data to NSLDS
Direct Loan Technical Support for Custom/Combo Institutions 1-(800) 756-4220 (8:30 A.M. - 5:00 P.M. EST) e-mail: DLTS@NCS.COM	◆ Technical assistance in interpreting Direct Loan Technical Reference ◆ Errors received while interfacing an external system with EDExpress ◆ Questions on developing import from external add/change files ◆ Procedural walk-throughs of the Direct Loan Program for schools designing custom systems or planning to interface with EDExpress ◆ On-site support to Direct Loan schools with custom/combo systems	**Technical Specifications** ◆ Direct Loan Technical Reference (create custom system to support all DL Program essentials, or combine portion of EDExpress functions with external systems)

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SUBSCRIBE FINAID-L (your first and last name)

CUSTOMER SERVICES AND OTHER INFORMATION FOR ED SOFTWARE AND ELECTRONIC SERVICES (CONT'D)

Service Unit Phone Number and E-Mail Address	Service Area	
	Customer Service	**ED Software and Technical Resources**
Direct Loan Origination Center 1-(800) 848-0978 (7:00 A.M. - 7:00 P.M. EST)	◆ Direct Loan Batch Status ◆ Batch Integrity Errors ◆ Acknowledgments ◆ Rejected Direct Loan Batches ◆ Promissory Notes ◆ Check Sum Errors	
Federal Pell Grant Program Hotline 1-(800)-4PGRANT (8:30 A.M - 5:30 P.M. EST)	◆ Individual Records Rejects ◆ Batch Status ◆ Pell DOS Software Support ◆ Year-to-Date Pell Payment Data Requests ◆ Floppy disk or recipient (tape) data exchange	
Customer Support Branch 1-(800) 433-7327 (9:00 A.M. - 5:00 P.M. EST) e-mail: CSB@ED.GOV fax: 1-(202) 260-4199	◆ Federal Student Financial Aid policy questions ◆ Questions on electronic SFA information for SFA professionals ◆ Liaison to other ED offices	

Resources

- ★ Dear Colleague Letter GEN-97-11 (Electronic Requirements)
- ★ Dear Colleague Letter GEN-96-20 (EDE participation)
- ★ Dear Colleague Letter GEN-97-6 (Electronic Filing of the Application to Participate)
- ★ 1999-00 EDE Technical Reference
- ★ *Payees Guide for the Grant Administration and Payment System* (now available at http://gapsweb.ed.gov/training)

Answer Key

Checkpoint #1 – Destination Points

CPS; CBS; LOC; NSLDS; RFMS

Checkpoint #2 – Terminology

1) **batch**
2) **exporting; batch; EDExpress; EDconnect**
3) **importing; EDExpress**
4) **1998-99; to ED; 4**

Final Exam – Electronic Requirements

1) **False**
2) **False**
3) **True**
4) **False**
5) **False**
6) **True**
7) **True**
8) **True**
9) **False**
10) **False**

Session 9

Extra Practice

Topics you will cover:

Student Eligibility

Packaging

Verification

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Student Eligibility

Instructions: In your groups, determine whether each of the following students is eligible for federal student aid, based solely on the criteria given Discuss reasons for your answers and record them in the space provided.

HINT: You'll need you Student Eligibility Checklist from page 3 of Session 2!

1. Georges, attempting to prove he is an eligible non-citizen, brings you a copy of his Social Security Card that is stamped "Valid for Employment". Is he eligible for financial aid?

2. Rick is enrolled in the Continuing Education and Community Enrichment program at Intown State College. He is taking classes that will help him when he enrolls there next year in the Marketing program. Is he eligible for financial aid?

3. Jennifer is a 14 year old who is very bright and was bored in school. She took and passed her GED. Is she eligible for Title IV aid?

4. Linda was home schooled by her parents in Washington state. Although Washington does not recognize home schools, she plans to attend college in Idaho. She does have a certificate from the Home School Association of Idaho. Is Linda eligible?

5. Tricia recently attended State University and withdrew. State University discovered that Tricia had received too much Pell Grant money while she was enrolled. The school repaid the Pell Grant, and now wants Tricia to repay them. They are refusing to release her academic records until she pays, saying that she owes money back for her Pell Grant. Is Tricia eligible for financial aid?

6. Bob's parents have religious beliefs that prohibit them from participating in any government activity. They believe that doing so would allow governmental interference in their personal affairs. Bob's parents refuse to get him a social security. Is Bob eligible for aid?

7. Ramon is a 22-year-old refugee from his native country who doesn't yet have his green card. Since he is not a U. S. citizen, he doesn't feel he should have to register with Selective Service. Can Ramon get aid?

8. Jose came to the U. S. illegally at age 18, and he finally got his green card. He's now just turned 26, but has never registered with Selective Service. He says he wasn't required to register. Can Jose get aid?

9. Scott has been serving a prison sentence and was recently approved by the parole board to live in a community halfway house. He'd like to continue his education. Is Scott eligible for aid?

10. Lynn's mother and stepfather did fill out Lynn's FAFSA, but her stepfather refuses to provide his tax return. He indicates that his financial worth is no one's business and providing the return would be an invasion of his privacy. Lynn does bring you her mother's 1040 and the other required verification documents. Is Lynn eligible for aid?

Packaging

Instructions: Using the information below, and the packaging models chart on page 5, complete packaging for the students described on pages 6, 7, & 8. For these exercises, we provide you with worksheets. Although these worksheets are not required, you may use them or similar forms to complete the packaging. Remember, EDExpress features an electronic packaging module as well.

Big Mountain College has the following aid programs and award [redacted]

Fund	AY Minimum	AY Maximum	Other Criteria
FSEOG	$200	$1000	Pell students
FWS	$750	$1500	
FFEL Program		Statutory	
Perkins Loans	$500	$1500	
Institutional Loan	$250	$1000	Only for students who are not eligible for $5500 in sub Stafford; awarded after FFEL
Institutional Grant*	$100	$1200	

All students will be offered a chance to work before incurring any debt. For Pell eligible students, Perkins Loans are offered before Stafford. Fixed % equity level = 20% X COA.

*When using the Packaging Models chart, this grant is considered "gift aid," not "external/private" aid.

Note: For purposes of the exercise, award all students the maximum grant and loan amounts whenever possible. In reality, you would have to consider availability of campus-based and institutional funds.

Packaging Models

Model	Order of Packaging	Special Notes
Ladder	1) Pell 2) External/private 3) Gift aid* 4) Self-help aid	* attempt to meet all student need without resorting to loans or FWS
Self-Help	1) Pell 2) External/private 3) Self-help aid* 4) Gift aid (if needed)	* attempt to promote self-help as primary means of meeting need
Absolute Equity	1) Pell 2) External/private 3) Gift aid* 4) Self-help aid	* maximum dollar amount of gift aid equal for all students
Fixed Percentage Equity**	1) Pell 2) External/private 3) Gift aid* 4) Self-help aid	* maximum dollar amount of gift aid based on percentage of each student's COA
Individual Basis	1) Pell 2) Varies by student	
First-Come, First-Served	1) Pell 2) External/private 3) Self-help aid* 4) Gift aid*	* student funded to the maximum need from all sources until funds are exhausted
Special Groups	1) Pell 2) Varies by groups of students*	* for example, athletes on partial scholarships

**Once the COA is multiplied by the school's equity percentage, the Pell Grant and any outside aid must be subtracted before gift aid is determined.

Package aid for **Michelle**, a sophomore who has a COA of $10,650 and an EFC of 1225. She is eligible for $1,250 in Pell. She is also receiving a $750 Mountain Rotary Scholarship. As a sophomore, her maximum subsidized FFEL is $3,500 (assuming she has the need). Use the ***Ladder Model*** to complete her package.

Student Name: **Michelle**

Date Enrollment will Begin : **9/3/99**

STEP ONE: (Calculating Need)

________	-	________	=	________
COA		EFC		Need

STEP TWO: (Subtracting Pell)

________	-	________	=	________
Need		Pell		Remaining Need

STEP THREE: (Creating Package)

Remaining Need: ________________

Aid Type	Amount	Remaining Need

Package aid for **Esther**, a junior with a COA of $10, 650 plus an additional allowance of $900 in child care. She has an EFC of 2950. She is not eligible for any Pell. As a junior, her maximum subsidized FFEL is $5,500 (assuming she has the need). Use the ***Self-Help Model*** to complete her package.

Student Name: **Esther**

Date Enrollment will Begin : **9/3/99**

STEP ONE: (Calculating Need)

________	-	________	=	________
COA		EFC		Need

STEP TWO: (Subtracting Pell)

________	-	________	=	________
Need		Pell		Remaining Need

STEP THREE: (Creating Package)

Remaining Need: ________

Aid Type	Amount	Remaining Need

Package aid for **Rick**, a freshman with a COA of $9,650 (he lives at home) and an EFC of 0. He is eligible for $3,125 in Pell. He is also receiving a $500 Honors Scholarship. As a freshman, his maximum subsidized FFEL is $2,625 (assuming he has the need). Use the ***Fixed-Percentage Equity Model*** to complete his package.

Student Name: **Rick**

Date Enrollment will Begin : **9/3/99**

STEP ONE: (Calculating Need)

________ - ________ = ________

COA EFC Need

STEP TWO: (Subtracting Pell)

________ - ________ = ________

Need Pell Remaining Need

STEP THREE: (Creating Package)

Remaining Need: ________

Aid Type	Amount	Remaining Need

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Group Activity

First, compare your answers for each student. Then, allow each member of your group a turn to answer to following questions. Use the space provided to take notes on ideas you hear from your colleagues.

1) Which of the models from the chart on page 5 does your school use?

2) What models that are not on the chart does your school use?

3) Of the models your school uses, what are some areas of difficulty you've encountered?

4) What is one question you would like to ask of your colleagues regarding packaging?

5) What is one piece of advice you would give to your colleagues regarding packaging?

Verification

Instructions: Work on the following case study individually. Then answer the group questions that follow the case study.

The information below summarizes the student's ISIR data. To complete the case study, we've provided you with the student's tax return, verification worksheet (completed by the student), and a blank verification working paper.

Case Study

Vital Student Information from ISIR

Name:	**Kim Robinson**
Age:	**19**
Household Size:	**3**
# in College:	**2**
Student Tax Form:	**1040EZ**
Student AGI:	**$2,400**
Student Tax Paid:	**$300**
Worksheets A & B:	**$0**
Parent Tax Form:	**1040**
Parent AGI:	**$34,000**
Parent Tax Paid:	**$3,810**
Worksheet A:	**$500**
Worksheet B:	**$0**

1999-2000 Verification Worksheet

Federal Student Aid Programs

U.S. Department of Education

FORM APPROVED
OMB NO. 1840-0570
EXP. DATE 12/31/2000
DEPENDENT STUDENT

Your application was selected for review in a process called "Verification." In this process, your school will be comparing information from your application with signed copies of your and your parent(s)' 1998 Federal tax forms, or with W-2 forms or other financial documents. The law says we have the right to ask you for this information before awarding Federal aid. If there are differences between your application information and your financial documents, you may need to send in corrections on your Student Aid Report (SAR), or your school may send corrections electronically, to have your information reprocessed.

Try to complete verification as soon as possible, so that your financial aid won't be delayed. Your financial aid administrator will help you.

What you should do

1. Collect your and your parent(s)' financial documents (signed Federal income tax forms, W-2 forms, etc.).
2. Talk to your financial aid administrator if you have questions about completing this worksheet.
3. Fill in and sign the worksheet—you and at least one parent.
4. Take the completed worksheet, tax forms, and any other documents your school needs to your financial aid administrator.
5. Your financial aid administrator will compare information on the documents. You may need to make corrections on your SAR and send it back to the application processor.

Your school must review the requested information, under the financial aid program rules (CFR Title 34, Part 668).

A. Student Information

Last name: Robinson   First name: Kim   M.I.: M.
Social security number: 654-32-1987
Address (include apt. no.): 1806 Forest Wood Ave.
Date of birth: 11/7/79
City: Sheffield   State: OH   ZIP code: 44414
Phone number (include area code): 330-555-5515

B. Family Information

List the people in your parents household; include:

- yourself and your parents, and
- your parents' other children, if (a) your parents provide more than half of their support or (b) the children would be required to provide parental information when applying for Federal Student Aid, and
- other people if they now live with your parents, and your parents provide more than half of their support and will continue to provide more than half of their support from July1, 1999 through June 30, 2000.

Write the names of all family members. Also write in the name of the college for any family member who will be attending college at least half-time between July 1, 1999 and June 30, 2000, and will be enrolled in a degree or certificate program. If you need more space, attach a separate page.

Full Name	Age	Relationship	College
Janet Jones	51	Mother	Central University
Kim Robinson	19	Self	Midstate University
Charles Robinson	22	brother	Instate Law School
Betty Robinson	45	mother	
Georgia Johnson	70	grandmother	

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1840-0132. The time required to complete this information collection is estimated to average twelve minutes, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: U.S. Department of Education, Washington, DC 20202-4651. If you have comments or concerns regarding the status of your individual submission of this form, write directly to: Application and Pell Processing systems Division, U.S. Department of Education, 400 Independence Avenue, S.W., Washington, DC 20202-5453.

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C. Student's Tax Forms and Income Information **Dependent**

1. For non-tax filers and all tax filers (includes the 1998 IRS Form 1040, 1040A, 1040EZ, TeleFile Tax Record, a tax return from Puerto Rico or a foreign income tax return). If you did not keep a copy of the tax return, request an RTFTP printout or Letter 1722 from the Internal Revenue Service or a copy from your tax preparer.

☑ Check and attach signed tax return.

☐ Check and complete: signed tax return will be mailed to the school by ____________________ (date).

☐ Check here if you will not file and are not required to file a 1998 U.S. Income Tax Return.

2. Amounts received for child support and other untaxed income. (See Worksheet A on the Free Application for Federal Student Aid)

Sources of untaxed income	Amount	Sources of untaxed income	Amount
Child Support			
Social Security			
Welfare (including TANF)			

3. If you did not file and are not required to file a 1998 Federal income tax return, list below your employer(s) and any income received in 1998.

Sources (Use the W-2 form or other earnings statements.)	Amount

D. Parent(s)' Tax Forms and Income Information

1. For non-tax filers and all tax filers (includes the 1998 IRS Form 1040, 1040A, 1040EZ, TeleFile Tax Record, a tax return from Puerto Rico or a foreign income tax return). If your parent(s) did not keep a copy of the tax return, request an RTFTP printout or Letter 1722 from the Internal Revenue Service or a copy from the tax preparer.

☑ Check and attach signed tax return.

☐ Check and complete: signed tax return will be mailed to the school by ____________________ (date).

☐ Check here if your parent(s) will not file and are not required to file a 1998 U.S. Income Tax Return.

2. Amounts received for child support and other untaxed income.

Sources of untaxed income	Amount	Sources of untaxed income	Amount
Child Support			
Social Security			
Welfare (including TANF)			

3. If your parent(s) did not file and are not required to file a 1998 Federal income tax return, list below your parent(s)' employer(s) and any income received in 1998.

Sources (Use the W-2 form or other earnings statements.)	Amount

E. Sign this Worksheet

By signing this worksheet, we certify that all the information reported to qualify for Federal student aid is complete and correct. At least one parent must sign.

WARNING: If you purposely give false or misleading information on this worksheet, you may be fined, be sentenced to jail, or both.

Kim M. Robinson 4/25/99
Student Date

Betty J. Robinson 4/25/99
Spouse Date

Do not mail this worksheet to your application processor. Take it to your Financial Aid Administrator. Don't forget your tax forms.

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Form **1040EZ**

Department of the Treasury—Internal Revenue Service

Income Tax Return for Single and Joint Filers With No Dependents (99) 1998

OMB No. 1545-0675

Use the IRS label here

Your first name and initial: Kim M. Last name: Robinson

If a joint return, spouse's first name and initial: Last name:

Home address (number and street). If you have a P.O. box, see page 7. Apt. no.: 1806 Forest Wood Avenue

City, town or post office, state, and ZIP code. If you have a foreign address, see page 7: Sheffield, OH 44414

Your social security number: 654 32 1987

Spouse's social security number: ☐☐☐ ☐☐ ☐☐☐☐

▲ IMPORTANT! You **must** enter your SSN(s) above.

Presidential Election Campaign (See page 7.)

Note: *Checking "Yes" will not change your tax or reduce your refund.*

Do you want $3 to go to this fund? ▶ Yes ☑ No ☐

If a joint return, does your spouse want $3 to go to this fund? ▶ Yes ☐ No ☐

			Dollars	Cents
Income Attach Copy B of Form(s) W-2 here. Enclose, but do not staple, any payment.	1	Total wages, salaries, and tips. This should be shown in box 1 of your W-2 form(s). Attach your W-2 form(s). 1	2,441	.00
	2	Taxable interest income. If the total is over $400, you cannot use Form 1040EZ. 2	0	.
	3	Unemployment compensation (see page 8). 3	0	.
	4	Add lines 1, 2, and 3. This is your **adjusted gross income.** If under $10,030, see page 9 to find out if you can claim the earned income credit on line 8a. 4	2,441	.00
Note: *You must check Yes or No.*	5	Can your parents (or someone else) claim you on their return? Yes. Enter amount from worksheet on back. ☑ No. If **single**, enter 6,950.00. If **married**, enter 12,500.00. See back for explanation. ☐ 5	2,691	.00
	6	Subtract line 5 from line 4. If line 5 is larger than line 4, enter 0. This is your **taxable income.** ▶ 6	0	.
Payments and tax	7	Enter your Federal income tax withheld from box 2 of your W-2 form(s). 7	364	.98
	8a	**Earned income credit** (see page 9). b Nontaxable earned income: enter type and amount below. No Type ____ $ ____ 8a		.
	9	Add lines 7 and 8a. These are your **total payments.** 9	364	.98
	10	**Tax.** Use the amount on **line 6 above** to find your tax in the tax table on pages 20–24 of the booklet. Then, enter the tax from the table on this line. 10	0	.
Refund Have it directly deposited! See page 12 and fill in 11b, 11c, and 11d.	11a	If line 9 is larger than line 10, subtract line 10 from line 9. This is your **refund.** 11a	364	.98
	▶ b	Routing number → ☐☐☐☐☐☐☐☐☐		
	▶ c	Type: Checking ☐ Savings ☐ d Account number ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐		
Amount you owe	12	If line 10 is larger than line 9, subtract line 9 from line 10. This is the **amount you owe.** See page 14 for details on how to pay. 12	,	.

I have read this return. Under penalties of perjury, I declare that to the best of my knowledge and belief, the return is true, correct, and accurately lists all amounts and sources of income I received during the tax year.

Sign here ▶ Keep copy for your records.

Your signature: Kim M. Robinson

Date: 2/17/99 Your occupation: student

Spouse's signature if joint return. See page 7.

Date: Spouse's occupation:

1 2 3 4 5 ☐☐☐☐☐

☐☐☐☐☐ 6 7 8 9 10

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 18. Cat. No. 11329W 1998 Form 1040EZ

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1998 Form 1040EZ page 2

Use this form if

- Your filing status is single or married filing jointly.
- You (and your spouse if married) were under 65 on January 1, 1999, and not blind at the end of 1998.
- You do not claim any dependents.
- Your taxable income (line 6) is less than $50,000.
- You do not claim a student loan interest deduction or an education credit. See page 3.
- You had **only** wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund dividends, and your taxable interest income was not over $400. **But** if you earned tips, including allocated tips, that are not included in box 5 and box 7 of your W-2, you may not be able to use Form 1040EZ. See page 8.
- You did not receive any advance earned income credit payments.

If you are not sure about your filing status, see page 7. If you have questions about dependents, use TeleTax topic 354 (see page 17). If you **cannot use this form,** use TeleTax topic 352 (see page 17).

Filling in your return

For tips on how to avoid common mistakes, see page 25.

Enter your (and your spouse's if married) social security number on the front. Because this form is read by a machine, please print your numbers inside the boxes like this:

9876543210 Do not type your numbers. Do not use dollar signs.

If you received a scholarship or fellowship grant or tax-exempt interest income, such as on municipal bonds, see the booklet before filling in the form. Also, see the booklet if you received a Form 1099-INT showing Federal income tax withheld or if Federal income tax was withheld from your unemployment compensation or Alaska Permanent Fund dividends.

Remember, you must report all wages, salaries, and tips even if you do not get a W-2 form from your employer. You must also report all your taxable interest income, including interest from banks, savings and loans, credit unions, etc., even if you do not get a Form 1099-INT.

Worksheet for dependents who checked "Yes" on line 5

Use this worksheet to figure the amount to enter on line 5 if someone can claim you (or your spouse if married) as a dependent, even if that person chooses not to do so. To find out if someone can claim you as a dependent, use TeleTax topic 354 (see page 17).

A. Amount, if any, from line 1 on front	2,441.00		
	+ 250.00	Enter total ▶ A.	2,691.00
B. Minimum standard deduction		B.	700.00
C. Enter the LARGER of line A or line B here		C.	2,691.00
D. Maximum standard deduction. If **single,** enter 4,250.00; if **married,** enter 7,100.00		D.	4,250.00
E. Enter the SMALLER of line C or line D here. This is your standard deduction		E.	2,691.00
F. Exemption amount. • If single, enter 0. • If married and— —both you and your spouse can be claimed as dependents, enter 0. —only one of you can be claimed as a dependent, enter 2,700.00.		F.	0
G. Add lines E and F. Enter the total here and on line 5 on the front		G.	2,691.00

If you checked "No" on line 5 because no one can claim you (or your spouse if married) as a dependent, enter on line 5 the amount shown below that applies to you.

- Single, enter 6,950.00. This is the total of your standard deduction (4,250.00) and your exemption (2,700.00).
- Married, enter 12,500.00. This is the total of your standard deduction (7,100.00), your exemption (2,700.00), and your spouse's exemption (2,700.00).

Mailing return

Mail your return by **April 15, 1999.** Use the envelope that came with your booklet. If you do not have that envelope, see page 28 for the address to use.

Paid preparer's use only

See page 14.

Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income received during the tax year. This declaration is based on all information of which I have any knowledge.

Preparer's signature ▶	Date	Check if self-employed ☐	Preparer's SSN
Firm's name (or yours if self-employed) and address ▶		EIN	
		ZIP code	

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Form **1040** Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **1998** (99) IRS Use Only—Do not write or staple in this space

For the year Jan. 1–Dec. 31, 1998, or other tax year beginning , 1998, ending , 19 OMB No. 1545-0074

Label (See instructions on page 18.) **Use the IRS label.** Otherwise, please print or type.

L A B E L H E R E

Your first name and initial Betty J.	Last name Robinson	**Your social security number** 876 54 3219
If a joint return, spouse's first name and initial	Last name	**Spouse's social security number**
Home address (number and street). If you have a P.O. box, see page 18. 1806 Forest Wood Avenue	Apt. no.	
City, town or post office, state, and ZIP code. If you have a foreign address, see page 18. Sheffield, OH 44414		

IMPORTANT! You must enter your SSN(s) above.

Presidential Election Campaign (See page 18.)

	Yes	No
Do you want $3 to go to this fund?	✓	
If a joint return, does your spouse want $3 to go to this fund?		

Note: Checking "Yes" will not change your tax or reduce your refund.

Filing Status

Check only one box.

1 ☐ Single
2 ☐ Married filing joint return (even if only one had income)
3 ☐ Married filing separate return. Enter spouse's social security no. above and full name here. ►
4 ☑ Head of household (with qualifying person). (See page 18.) If the qualifying person is a child but not your dependent, enter this child's name here. ►
5 ☐ Qualifying widow(er) with dependent child (year spouse died ► 19). (See page 18.)

Exemptions

6a ☑ **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, **do not** check box 6a.
b ☐ **Spouse**

No. of boxes checked on 6a and 6b: 1

c **Dependents:**

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see page 19)
Charles	Robinson	765 43 2198	son	☐
Kim	Robinson	654 32 1987	daughter	☐
				☐
				☐
				☐
				☐

If more than six dependents, see page 19.

No. of your children on 6c who:
- lived with you: 2
- did not live with you due to divorce or separation (see page 19):

Dependents on 6c not entered above:

d Total number of exemptions claimed

Add numbers entered on lines above ► 3

Income

Attach Copy B of your Forms W-2, W-2G, and 1099-R here.

If you did not get a W-2, see page 20.

Enclose, but do not staple, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2			7	33,972	00
8a	**Taxable** interest. Attach Schedule B if required			8a	650	00
b	**Tax-exempt** interest. DO NOT include on line 8a	8b				
9	Ordinary dividends. Attach Schedule B if required			9		
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 21)			10		
11	Alimony received			11		
12	Business income or (loss). Attach Schedule C or C-EZ			12		
13	Capital gain or (loss). Attach Schedule D			13		
14	Other gains or (losses). Attach Form 4797			14		
15a	Total IRA distributions	15a	b Taxable amount (see page 22)	15b		
16a	Total pensions and annuities	16a	b Taxable amount (see page 22)	16b		
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E			17		
18	Farm income or (loss). Attach Schedule F			18		
19	Unemployment compensation			19		
20a	Social security benefits	20a	b Taxable amount (see page 24)	20b		
21	Other income. List type and amount—see page 24			21		
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income** ►			22	34,622	00

Adjusted Gross Income

If line 33 is under $30,095 (under $10,030 if a child did not live with you), see EIC inst. on page 36.

23	IRA deduction (see page 25)	23	500	00				
24	Student loan interest deduction (see page 27)	24						
25	Medical savings account deduction. Attach Form 8853	25						
26	Moving expenses. Attach Form 3903	26						
27	One-half of self-employment tax. Attach Schedule SE	27						
28	Self-employed health insurance deduction (see page 28)	28						
29	Keogh and self-employed SEP and SIMPLE plans	29						
30	Penalty on early withdrawal of savings	30						
31a	Alimony paid b Recipient's SSN ►	31a						
32	Add lines 23 through 31a					32	500	00
33	Subtract line 32 from line 22. This is your **adjusted gross income** ►					33	34,122	00

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 51. Cat. No. 11320B Form **1040** (1998)

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Tax and Credits

Standard Deduction for Most People
Single: $4,250
Head of household: $6,250
Married filing jointly or Qualifying widow(er): $7,100
Married filing separately: $3,550

34	Amount from line 33 (adjusted gross income)			34	34,122 00
35a	Check if: ☐ **You** were 65 or older, ☐ Blind; ☐ **Spouse** was 65 or older, ☐ Blind. Add the number of boxes checked above and enter the total here ▶ **35a** ☐				
b	If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see page 29 and check here ▶ **35b** ☐				
36	Enter the **larger** of your **itemized deductions** from Schedule A, line 28, **OR standard deduction** shown on the left. **But** see page 30 to find your standard deduction if you checked any box on line 35a or 35b **or** if someone can claim you as a dependent			36	6,350 00
37	Subtract line 36 from line 34			37	
38	If line 34 is $93,400 or less, multiply $2,700 by the total number of exemptions claimed on line 6d. If line 34 is over $93,400, see the worksheet on page 30 for the amount to enter			38	8,100 00
39	**Taxable income.** Subtract line 38 from line 37. If line 38 is more than line 37, enter -0-			39	19,672 00
40	**Tax.** See page 30. Check if any tax from **a** ☐ Form(s) 8814 **b** ☐ Form 4972 ▶			40	2,951 00
41	Credit for child and dependent care expenses. Attach Form 2441	41			
42	Credit for the elderly or the disabled. Attach Schedule R	42			
43	Child tax credit (see page 31)	43			
44	Education credits. Attach Form 8863	44	1,620 00		
45	Adoption credit. Attach Form 8839	45			
46	Foreign tax credit. Attach Form 1116 if required	46			
47	Other. Check if from **a** ☐ Form 3800 **b** ☐ Form 8396 **c** ☐ Form 8801 **d** ☐ Form (specify) ________	47			
48	Add lines 41 through 47. These are your **total credits**			48	1,620 00
49	Subtract line 48 from line 40. If line 48 is more than line 40, enter -0- ▶			49	1,331 00

Other Taxes

50	Self-employment tax. Attach Schedule SE			50	
51	Alternative minimum tax. Attach Form 6251			51	
52	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137			52	
53	Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required			53	
54	Advance earned income credit payments from Form(s) W-2			54	
55	Household employment taxes. Attach Schedule H			55	
56	Add lines 49 through 55. This is your **total tax** ▶			56	1,331 00

Payments

Attach Forms W-2 and W-2G on the front. Also attach Form 1099-R if tax was withheld.

57	Federal income tax withheld from Forms W-2 and 1099	57	3,810 00		
58	1998 estimated tax payments and amount applied from 1997 return	58			
59a	**Earned income credit.** Attach Schedule EIC if you have a qualifying child **b** Nontaxable earned income: amount ▶ ________ and type ▶	59a			
60	Additional child tax credit. Attach Form 8812	60			
61	Amount paid with Form 4868 (request for extension)	61			
62	Excess social security and RRTA tax withheld (see page 43)	62			
63	Other payments. Check if from **a** ☐ Form 2439 **b** ☐ Form 4136	63			
64	Add lines 57, 58, 59a, and 60 through 63. These are your **total payments** ▶			64	3,810 00

Refund

Have it directly deposited! See page 44 and fill in 66b, 66c, and 66d.

65	If line 64 is more than line 56, subtract line 56 from line 64. This is the amount you **OVERPAID**			65	2,497 00
66a	Amount of line 65 you want **REFUNDED TO YOU** ▶			66a	2,497 00
▶ b	Routing number ☐☐☐☐☐☐☐☐☐ ▶ c Type: ☐ Checking ☐ Savings				
▶ d	Account number ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐				
67	Amount of line 65 you want **APPLIED TO YOUR 1999 ESTIMATED TAX** ▶	67			

Amount You Owe

68	If line 56 is more than line 64, subtract line 64 from line 56. This is the **AMOUNT YOU OWE**. For details on how to pay, see page 44 ▶			68	
69	Estimated tax penalty. Also include on line 68	69			

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See page 18. Keep a copy for your records.

Your signature: Betty J. Robinson	Date: 2/17/99	Your occupation: Clerk	Daytime telephone number (optional): ( )
Spouse's signature. If a joint return, BOTH must sign.	Date	Spouse's occupation	

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ☐	Preparer's social security no.
Firm's name (or yours if self-employed) and address ▶			EIN
			ZIP code

1999-2000 Verification Working Paper

Student: ____________________ SS#: ________________ Dep. Status: ______

Tax Returns Filed

Student/Spouse (circle one): 1040, 1040A, 1040EZ, Other, None filed

Parent(s) (circle one): 1040, 1040A, 1040EZ, Other, None filed

Item (SAR #)	Amount on Output Document	Amount Verified (Source)	Match?		
			Yes	No	N/A
Household Size (59/77)		(Worksheet)			
# in College (60/78)		(Worksheet)			
Student/Spouse AGI (41)		(1040-33, A-18,EZ-4)			
Student/Spouse Income Tax Paid (42)		(1040-49, A-32, EZ-10)			
Student/Spouse EIC (44)		(1040-59(a), A-37(a), EZ-8(a))			
Parent AGI (64)		(1040-33, A-18,EZ-4)			
Parent Income Tax Paid (65)		(1040-49, A-32, EZ-10)			
Parent EIC (67)		(1040-59(a), A-37(a), EZ-8(a))			
Non-Filers Only					
Student Earnings (45)		(W2)			
Spouse Earnings (46)		(W2)			
Father Earnings (68)		(W2)			
Mother Earnings (69)		(W2)			
Data from Worksheets A & B - Untaxed Income & Exclusions from Income (list and verify items that apply)					

Net Error = $______________

Verification Status Code: N A W T C R S

Verification Performed By: ____________________

Date: ____________

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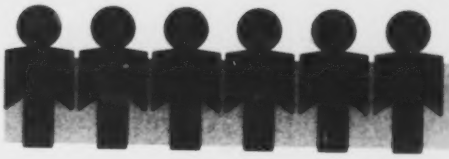
Notes:



Group Activity

First, compare your results to the case study. Then, allow each person in your group a turn to answer the following questions.

1) What forms do you collect during verification?

2) What is your biggest hurdle in completing verification?

3) What is a question you would like to ask of your colleagues concerning verification?

4) What are some helpful hints you have for your colleagues regarding verification?

Resources

- ★ *Federal Student Financial Aid Handbook: Student Eligibility*

Answer Key

Student Eligibility

1. **No.** Just being eligible to work does not qualify a student as an eligible non-citizen.
2. **No.** Rick is not currently in a degree or certificate program.
3. **Yes.** Even though she is not beyond the age of cumpulsory attendance, she does have a GED.
4. **No.** Linda's home state must recognize her home schooling degree.
5. **Yes.** Tricia owes the money to the school, but the Department of Education has been repaid, so Tricia is eligible.
6. **No.** Every student must have a social security number without exception.
7. **No.** Not until he registers with Selective Service. All eligible non-citizens must register.
8. **No.** He was required to register before he turned 26. The school can obtain an opinion letter from Selective Service indicating whether they believe Jose was required to register and aware of this requirement.
9. **Yes.** Halfway houses are not considered incarceration.
10. **No.** All tax returns for individuals whose information was provided on the FAFSA must be provided for verification.

Package aid for **Michelle**, a sophomore who has a COA of $10,650 and an EFC of 1225. She is eligible for $1,250 in Pell. She is also receiving a $750 Mountain Rotary Scholarship. As a sophomore, her maximum subsidized FFEL is $3,500 (assuming she has the need). Use the ***Ladder Model*** to complete her package.

Student Name: **Michelle**

Date Enrollment will Begin : **9/3/99**

STEP ONE: (Calculating Need)

$10,650 - **1225** = **$9,425**
COA - EFC = Need

STEP TWO: (Subtracting Pell)

$9,425 - **$1,250** = **$8,175**
Need - Pell = Remaining Need

STEP THREE: (Creating Package)

Remaining Need: **$8,175**

Aid Type	Amount	Remaining Need
Mountain Schol.	**$750**	**$7,425**
Inst. Grant*	**$1,200**	**$6,225**
FSEOG	**$1,000**	**$5,225**
FWS**	**$1,500**	**$3,725**
Perkins	**$1,500**	**$2,225**
Subsidized FFEL	**$2,225**	**$0**

*could be after FSEOG
**could be after loans

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Package aid for **Esther**, a junior with a COA of $10, 650 plus an additional allowance of $900 in child care. She has an EFC of 2950. She is not eligible for any Pell. As a junior, her maximum subsidized FFEL is $5,500 (assuming she has the need). Use the ***Self-Help Model*** to complete her package.

Student Name: **Esther**

Date Enrollment will Begin : **9/3/99**

STEP ONE: (Calculating Need)

$11,550	-	**2,950**	=	**$8,600**
COA		EFC		Need

STEP TWO: (Subtracting Pell)

$8,600	-	**$0**	=	**$8,600**
Need		Pell		Remaining Need

STEP THREE: (Creating Package)

Remaining Need: **$8,600**

Aid Type	Amount	Remaining Need
FWS*	**$1,500**	**$7,100**
FFEL	**$5,500**	**$1,600**
Perkins	**$1,500**	**$100**
Inst. Grant	**$100**	**$0**

*could be after loans

Package aid for **Rick**, a freshman with a COA of $9,650 (he lives at home) and an EFC of 0. He is eligible for $3,125 in Pell. He is also receiving a $500 Honors Scholarship. As a freshman, his maximum subsidized FFEL is $2,625 (assuming he has the need). Use the ***Fixed-Percentage Equity Model*** to complete his package.

Student Name: **Rick**

Date Enrollment will Begin : **9/3/99**

STEP ONE: (Calculating Need)

$9,650 - **0** = **$9,650**

COA - EFC = Need

STEP TWO: (Subtracting Pell)

$9,650 - **$3,125** = **$6,525**

Need - Pell = Remaining Need

STEP THREE: (Creating Package)

Remaining Need: **$6,525**

Aid Type	Amount	Remaining Need
Honors Schol.	**$500**	**$6,025**
Inst. Grant*	**$1,200**	**$4,825**
FSEOG	**$730*** **	**$4,095**
FWS**	**$1,500**	**$2,595**
Perkins	**$1,500**	**$1,095**
Subsidized FFEL	**$1,095**	**$0**

*could be after FSEOG

**could be after loans

***only $730 because his fixed-percentage equity level = $1,930 (20% of $9,650)

1999-2000 Verification Working Paper

Student: Kim Robinson SS#: 654-32-1987 Dep. Status: Dep.

Tax Returns Filed

Student/Spouse (circle one): 1040, 1040A, 1040EZ, Other, None filed

Parent(s) (circle one): 1040, 1040A, 1040EZ, Other, None filed

Item (SAR #)	Amount on Output Document	Amount Verified (Source)	Match?		
			Yes	No	N/A
Household Size (59/77)	3	4 (Worksheet)		X	
# in College (60/78)	2	2 (Worksheet)	X		
Student/Spouse AGI (41)	$2,400	$2,441 (1040-33, A-18,EZ-4)		X	
Student/Spouse Income Tax Paid (42)	$300	$0 (1040-49, A-32, EZ-10)		X	
Student/Spouse EIC (44)	$0	$0 (1040-59(a), A-37(a), EZ-8(a))	X		
Parent AGI (64)	$34,000	$34,122 (1040-33, A-18,EZ-4)		X	
Parent Income Tax Paid (65)	$3,810	$1,331 (1040-49, A-32, EZ-10)		X	
Parent EIC (67)	$0	$0 (1040-59(a), A-37(a), EZ-8(a))	X		
Non-Filers Only					
Student Earnings (45)		(W2)			
Spouse Earnings (46)		(W2)			
Father Earnings (68)		(W2)			
Mother Earnings (69)		(W2)			
Data from Worksheets A & B - Untaxed Income & Exclusions from Income (list and verify items that apply)					
IRA Deduction	$500	$500 (1040 - line 23)	X		
Educ. Tax Credits	$0	$1,620 (1040A, line 24)		X	

Net Error = $ 1,322

Verification Status Code: N A W T C [✓ R] S

Verification Performed By: ____________________

Date: ____________

Notes:

200

Precertification Session

Overawards
&
Overpayments

Questions we will answer during this session:

What are overawards and overpayments?

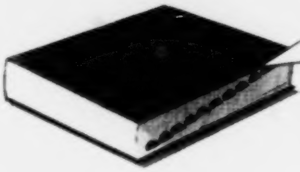
How do you identify and correct Pell overpayments?

How do you identify and correct campus-based overawards?

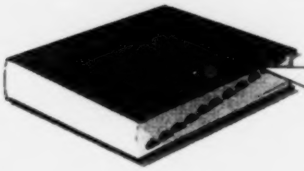
How do you identify and correct campus-based overpayments?

How do you identify and correct Direct Loan and FFEL overawards?

What are overawards and overpayments?



Overawards
Financial aid awards determined by the school, but not yet disbursed, that exceed a student's financial need.



Overpayments
Financial aid funds disbursed to a student that exceed the student's financial need.

Where Overpayments and Overawards Might Occur in Title IV Programs

Program	Overpayment = Funds disbursed to students in excess of need	Overaward = Funds awarded (but not yet disbursed) to students in excess of need
Federal Pell Grant Program	Yes	No
Federal Campus-Based Programs	Yes	Yes
Federal Direct Loan Program	No	Yes
FFEL Program	No	Yes

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How do you identify and correct Pell Grant overpayments?

✓ Checkpoint #1 – Correcting Pell Grant Overpayments

1) A financial aid administrator at Varndell Academy miscalculates Kevin's Pell award and disburses the funds to him. He has no more disbursements this year. *Circle the true statement(s).*

   (a) The school must collect the funds from Kevin.

   (b) The school must repay the funds to their Pell account with ED using their own funds, if necessary.

   (c) Kevin is ineligible for further Title IV until the matter is resolved.

2) Brandon includes erroneous information on his FAFSA, causing his EFC to be lower than it should. By the time the FAA at Varndell Academy discovers this, the funds have already been disbursed to Brandon. *Circle the true statement(s).*

   (a) The school must collect the funds from Brandon.

   (b) The school must repay the funds to their Pell account with ED using their own funds, if necessary.

   (c) Brandon is ineligible for further Title IV until the matter is resolved.

Checkpoint #1 - continued

3) Varndell Academy decides to resolve Brandon's overpayment by repaying his debt to ED with school funds, and then collecting the money from Brandon as an institutional debt. *Circle the true statement(s).*

   (a) Brandon no longer owes an overpayment.

   (b) Once the school has repaid ED, Brandon is eligible for further Title IV, regardless of whether he has, in turn, repaid the school.

   (c) Brandon is not eligible for Title IV until he has repaid his institutional debt.

4) The FAA at Varndell is able to correct another student's overpayment by reducing her second disbursement. *Circle the true statement(s).*

   (a) The school must cease disbursing any Title IV to the student until the 2nd disbursement of Pell is made at the amount low enough to make up for the overpayment.

   (b) The school may continue to disburse Title IV to the student.

How do you identify and correct campus-based overawards?

$300 Campus-Based Overaward Threshold

* Schools are allowed a $300 overaward threshold.

* Campus-based aid is the only Title IV with an overaward threshold.

* The threshold counts ONLY IF an overaward occurs *after* campus-based aid has been awarded.

* The threshold does not allow a school to deliberately award campus-based aid in excess of a student's financial need.

Correcting Campus-Based Overawards

Step 1: Begin with unsubsidized Stafford loans, Direct unsubsidized loans, and/or PLUS loans.

Step 2: Look at subsidized Stafford loans and Direct subsidized loans.

Step 3: Recalculate need and adjust other aid over which the school has control (like campus-based).

Checkpoint #2 - Correcting Campus-Based Overawards

James attends Hilltop College. His need is $8,900. The school has awarded him the following package:

Pell Grant	*$2,700*
FSEOG	*$3,000*
Federal Perkins Loan	*$2,000*
Federal Work Study	*$1,200*
TOTAL	*$8,900*

After the school packages his aid, James receives a $900 scholarship from a youth organization.

1) Has James been overawarded? __________

2) How much is the overaward (if it exists)? __________

3) Repackage James's aid to correct the overaward:

Pell Grant	**$__________**
FSEOG	**$__________**
Federal Perkins Loan	**$__________**
Federal Work Study	**$__________**
Youth Scholarship	**$__________**
TOTAL	**$__________**

Checkpoint #3 - More Campus-Based Overawards

Marilyn's need at a local community college is $4,700. Her award package consists of the following:

Pell Grant	*$2,300*
FSEOG	*$2,000*
TOTAL	*$4,300*

1) **What if Marilyn receives a merit scholarship of $450. What must the school do? ______________________________**

____

2) **What if her scholarship was for $700. What must the school do?**

____

3) **What if the scholarship was for $1,200. What must the school do? ______________________________**

4) **What should the school do if Marilyn takes a job after class at a health spa that is owned by a family friend? ______________**

____

5) **Marilyn asks for a Federal Work Study job to make up her remaining need of $400. After she's been on the job for two weeks, she receives a $500 American Legion Award. What must the school do?**

It depends. If she has earned __________ or more, then the $500 scholarship creates an overaward beyond the $300 threshold. The school must ______________________________.

If she has earned ____________________ on her FWS job, the overaward is at or below $300. This means that the school ______________________________.

How do you identify and correct Direct Loan and FFEL overawards?

Procedures for Direct Loan Adjustments

Disbursement Adjustments[1]

A disbursement adjustment is a return of a portion of a disbursement within 120 days of the disbursement date. Events that would create an *disbursement adjustment* include:

- A disbursement amount was entered incorrectly and must be corrected.
- A reduction in the student's eligibility results in a downward adjustment to a disbursement. (Note: Schools are not required to make an adjustment if the loan has been disbursed.)
- A refund is due under the Title IV refund policy that is less than the full amount of the disbursement.

Other than to correct a data error, if an originating school adjusts a disbursement downward, it returns the net adjustment amount (the amount received back from the borrower) to its "federal" account. Excess funds must be returned to ED. Standard origination and Option 1 schools return the net adjustment amount to ED. Option 2 schools may use the funds to disburse to another eligible borrower. All schools send disbursement adjustment records reflecting an adjustment to ED. **The borrower is responsible for loan fees and accrued interest only on the total adjusted amount of the disbursement. If a borrower returns a portion of a disbursement directly to ED within 120 days of the disbursement date, the borrower must include with the payment a letter that explains that the disbursement should be adjusted. If the borrower includes this letter, the borrower will be responsible only for the loan fees and accrued interest on the adjusted amount of the disbursement. If no letter is included, the borrower will be responsible for the loan fees and accrued interest on the entire disbursement amount.**

---

[1] Within 120 days of the disbursement date.

Procedures for Direct Loan Cancellations and Payments on a Loan Balance

Disbursement Cancellations[1]

A disbursement cancellation is the return of the total disbursement amount received by the borrower, by either the school or the borrower, within 120 days of the disbursement date. Events that would create a *disbursement cancellation* include:

- The school determines that the disbursement should not have been made.
- The borrower requests a cancellation.
- The borrower returns to the school all funds that have been disbursed.
- There is a refund due under the Title IV refund policy that would result in a refund of the total amount disbursed.

An Option 2 school returns cancelled funds to its "federal" account when the school determines or has knowledge that an event listed above has happened. Excess funds are to be returned to ED. Standard and origination and Option 1 schools return the net cancellation amount to ED. Option 2 schools may use the funds to disburse to another eligible borrower. All schools send disbursement and cancellation records to the Direct Loan Servicing Center. **ED will cancel a borrower's disbursement if the borrower or the school returns the full amount of a disbursement to ED within 120 days of the disbursement date. The borrower is not responsible for loan fees and accrued interest for a cancelled disbursement.**

Payment of a Loan Balance[2]

A partial or total disbursement returned for any reason, by either the school or the borrower, 121 days or more after the date of the disbursement does not reduce the loan amount borrowed. Rather, the payment is applied to the borrower's account just like any other regular payment. When making a payment, the school or borrower must send a check to ED with the appropriate information needed to apply the amount to the borrower's account. ED, upon receiving the check, applies the payment amount to late charges, collection fees, and outstanding interest before crediting it to the principal balance. **The borrower is responsible for loan fees and accrued interest on the original amount of the loan.**

---

[1] Within 120 days of the disbursement date.

[2] After the 120-days cancellation/adjustment period.

SCENARIOS

Work in your groups to complete the following scenarios. Assume the COA for each student attending Jackson College is $4,000 and that his or her EFC is $0.

1

Joshua plans to attend Jackson College. His subsidized loan for $4,000 is certified, but the loan proceeds have not yet been received by the school. The aid administrator learns that Joshua has just been awarded a full $4,000 scholarship from a foundation. Is this an overaward or an overpayment?

What does the school need to do?

2

Arlene has an aid package for Jackson College as follows:

Pell Grant	**$2,000**
FSEOG	**$1,000**
Subsidized Loan	**$1,000**
TOTAL	**$4,000**

The subsidized loan proceeds have been received by the school, but not yet delivered to Arlene, when she receives a $1,500 civic-club scholarship. Is this an overaward or an overpayment?

What will Arlene's new financial aid package look like?

3

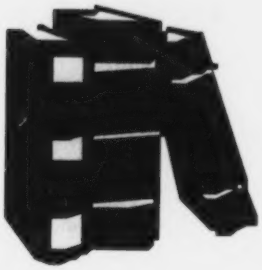
Bruce has an aid package to attend Jackson College as follows:

Pell Grant	**$1,000**
FSEOG	**$1,000**
FWS	**$1,000**
Subsidized Stafford Loan	**$1,000**
TOTAL	**$4,000**

The loan proceeds have been received by the school. The first installment of $500 has been delivered to Bruce when he receives a $700 scholarship.

Is this an overaward or an overpayment?

What will Bruce's new financial aid package look like?



Resources

★ *Federal Student Financial Aid Handbook:*
Federal Pell Grant Program Reference
Federal Campus-Based Programs Reference
Direct Loan and FFEL Programs Reference

Answer Key

Checkpoint #1 – Pell Grant Overpayments

1) **All three statements are true.**
2) **A and C are true, but B is not.**
3) **A and B are true.**
4) **B is true.**

Checkpoint #2 – Correcting Campus-Based Overawards

1) **Yes, it creates an overaward.**
2) **$900.**
3)

Pell Grant	**$2,700**
FSEOG	**$3,000**
Perkins	**$1,100**
FWS	**$1,200**
Scholarship	**$ 900**
TOTAL	**$8,900**

Checkpoint #3 – More Campus-Based Overawards

1) **Nothing, since the scholarship only creates a $50 overaward.**
2) **Nothing, since the scholarship only creates a $300 overaward.**
3) **The school must reduce the FSEOG award by $800, since the scholarship now creates an award beyond the threshold ($800).**
4) **The job is non-need based, so the school does not have to do anything.**
5) **If she has earned $201 or more, then the $500 scholarship creates an overaward beyond the $300 threshold. The school must reduce her FSEOG.**

   If she has earned $200 or less on her FWS job, the overaward is at or below $300. This means the school does not have to take any action.

Scenarios

1) **Overaward. The school must cancel the subsidized loan.**
2) **Overaward. The school must cancel and return the loan, and reduce Arlene's FSEOG by $500.**
3) **Overaward. The school must cancel Bruce's second loan disbursement, and reduce his campus-based award (either the FSEOG, the FWS, or a combination) by $200.**

Session 10(a)

Federal Pell Grants: Definitions, Formulas & Special Issues

Questions we will answer during this session:

What are the key definitions to know regarding Pell?

How do you select a Pell Grant formula?

What are some special issues regarding Pell?

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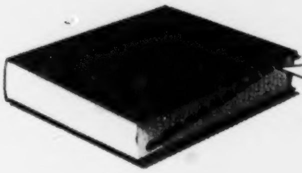
What are the key definitions to know regarding Pell?



Academic Year
vs.
Award Year

Academic Year: (defined in hours, weeks, and terms)

Statutory Definition of an Academic Year

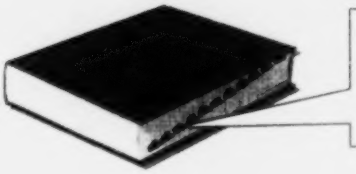
Academic Progress Measured By:	Minimum Completion Requirement*	Minimum Instructional Time Requirement
Semester hours	24 semester hours	30 weeks
Trimester hours	24 trimester hours	30 weeks
Quarter hours	36 quarter hours	30 weeks
Clock hours	900 clock hours	30 weeks

* Number of hours that a student enrolled full time is expected to complete in a full academic year.

- While the above are minimum required definitions of an academic year, the actual length of instructional time in the program in weeks or hours may be more or less than the definitions.

Award Year:

- July 1 through June 30 each year
- Includes **all** weeks/terms when instruction occurs
  - school could have two-term academic year (fall/spring) with three-term award year (fall/spring/summer)



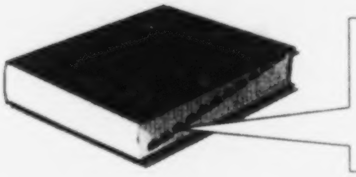
Standard Term
vs.
Nonstandard Term

Standard Term:

- semesters, trimesters, quarters
- full time = 12 credits/term

Nonstandard Term:

- any term that is not standard, like:
  - a summer with 6 credits as full time; or
  - a 15-week fall with 10 credits as full time



Scheduled Award
vs.
Annual Award

Scheduled Award:

- maximum Pell student can receive if enrolled full time for full academic year
- student can receive just one per year

Annual Award:

- based on student's true enrollment status (full, 3/4, 1/2, < 1/2) for term-based, credit-hour schools
  - if student is full time, Scheduled Award = Annual Award

- for nonterm-credit and all clock-hour schools, all students are considered full time for calculation purposes
  - Scheduled Award = Annual Award

Checkpoint #1: Definitions

In each sentence, circle or underline the correct word whenever you have a choice of words.

1. **The *award / academic* year is always July 1 through June 30.**
2. **The definition of academic year for each program must be a *minimum / maximum* of *28 / 30* weeks.**
3. **Regardless of the definition of the program's academic year, the reality may be *less / more / less or more* than that definition.**
4. **Program A is 29 weeks and 870 clock hours long. While the *reality / definition* of the program's length is 29 weeks and 870 hours, the *reality / definition* of the program's academic year must be at least 30 weeks and 900 hours.**
5. **Program B consists of two 13-week terms. While the *reality / definition* of the program's length is 26 weeks, the *reality / definition* of the program's academic year must be at least 30 weeks.**
6. **A school has a fall term and a spring term, each which requires 12 credits for full time. In the summer, full time is 8 credits. Only the *fall / spring / summer* term is *standard / nonstandard.***
7. **The same school has an optional winter intersession during which full time is 12 credits. For Pell purposes, this intersession is *standard / nonstandard.***
8. **At a term-based school, a full-time student's Scheduled Award *will / will not / may* equal his or her annual award.**
9. **At a nonterm school, two students have the same COA and EFC. Student A is enrolled for 23 clock hours per week. Student B is enrolled for 30 clock hours per week. Student B's annual award *will / will not* differ from Student A's annual award.**
10. **A student can receive a maximum of *1 / 2 / 3* Scheduled Award(s) per award year.**

How do you select a Federal Pell Grant formula?

Selecting Federal Pell Grant Formulas

Formula 1	Formula 2	Formula 3*	Formula 4	Formula 5
Credit-Hour Programs			**Credit or Clock-Hour Programs**	**Correspondence Study****
Standard terms (academic calendar = 2 semesters/trimesters or 3 quarters) May include summer as long as full time is 12 credits		Nonstandard terms or standard terms	Credit hours without terms or any clock-hour programs	Correspondence coursework
2 semesters/trimesters or 3 quarters offered in fall through spring		Academic calendar may be offered in any time frame	Academic calendar may be offered in any time frame	Schedule for submission of lessons based on 12 hours per week (nonterm) **or** 30 hours per semester/trimester **or** 20 hours per quarter
No overlapping terms		Terms may overlap	Not applicable	Not applicable
At least 30 weeks of instructional time in fall through spring terms***	**Less than** 30 weeks of instructional time in fall through spring terms***	Academic calendar may be more, less, or equal to 30 weeks of instructional time	Academic calendar may be more or less than 30 weeks of instructional time	Academic calendar may be more or less than 30 weeks of instructional time
Full-time = 12 credit hours for **every** term in the award year		**Standard term:** Full-time = 12 credit hours **Nonstandard term:** Full-time is calculated according to regulatory formula 690.63(d)	(Full-time Payment Schedule is always used, award is adjusted based on scheduled hours)	(Half-time Disbursement Schedule is always used)

* For a summer mini-session, use Formula 3.

** Refers to correspondence only; awards for any residential portion are calculated using Formula 3 or Formula 4, as applicable

*** Under certain circumstances the U.S. Department of Education (ED) may grant a school permission to use an academic year of fewer than 30 weeks. In such cases, the number of weeks of instruction used to determine the formula type is the reduced number approved by ED.

Checkpoint #2: Choosing a Pell Grant Formula

1) Alexandria State University defines its academic year as 30 weeks and two terms (fall and spring). The actual length of each term is 14 weeks of instructional time; full-time is 12 credits per term. Alexandria offers a summer term with full-time as 12 credits.

Which formula(s) apply to the programs at this school? __________

2) Julian Institute defines its academic year as 30 weeks and two terms (fall and spring). Each term is 15 weeks of instructional time; full time is 12 credits per term. Julian offers two summer mini-sessions, with full time as 6 credits for each separate session.

Which formula(s) apply to the programs at this school? __________

3) New West College defines its academic year as 30 weeks and three quarters (fall, winter, and spring). Each quarter is 10 weeks of instructional time; full time is 12 credits per term. New West offers a summer session in which full time is 12 credits.

Which formula(s) apply to the programs at this school? __________

4) Horizon Technical College defines its academic year as 30 weeks and 24 credit hours. There are no terms used.

Which formula(s) apply to the programs at this school? __________

5) Now consider your school.

Which formula(s) apply to your school? __________

What are some special issues regarding Pell?

Crossover Payment Periods

- If payment period crosses award years, school may pay student from either award year. However, if 6 months of a payment period fall in one award year, funds must be paid from that award year.
- For instance, payment period starts in May, ends in August; pay student from either award year.

Recalculating Pell

- Must recalculate if EFC changes due to verification, corrections, updating, or professional judgment.
- Must recalculate if student's enrollment status changes from one term to another.
- Otherwise, recalculation is optional.

Transfer Students

- If the student transfers during award year, the student can still only get one Scheduled Award. To figure out how much the student can get at the new school:
  1) calculate percentage of Scheduled Award student received at first school
  2) subtract that percentage from 100%
  3) calculate Scheduled Award for new school
  4) only award student for percentage remaining
- Example:

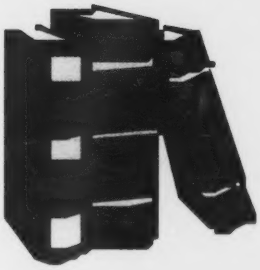
  Scheduled Award at School A is $1,000. Student receives $600 before transferring (60% of Scheduled Award).

  At School B, Scheduled Award is $1200. Student only eligible for 40% of that award, or $480.

Transfer Test

Jenna's Scheduled Award at School A is $3,000. She receives $750 before transferring to School B. At School B, because of a lower COA, Jenna's Scheduled Award drops to $2,000. What is the maximum amount in dollars that Jenna could receive at School B? (Assume Jenna is enrolled full time in a one-year program.) $__________

We'll miss you!
Welcome!



Resources

- *Federal Student Financial Aid Handbook: Federal Pell Grant Program Reference*
- 34 CFR 690

Answer Key

Checkpoint #1: Definitions

1. award
2. minimum
3. less or more
4. reality, definition
5. reality, definition
6. summer, nonstandard
7. standard
8. will
9. will not
10. 1

Checkpoint #2: Choosing a Pell Grant Formula

1) **Formula 2 or 3**
2) **Formula 3** (unless you combine the summer terms to form one 12-credit term; then Formula 1 would work, too)
3) **Formula 1 or 3**
4) **Formula 4**

Transfer Test

Jenna can receive $1,500, which is 75% of her Scheduled Award at School B.

Session 10(b)

Calculating Federal Pell Grant Awards: Term-Based, Credit-Hour Programs

Questions we will answer during this session:

How do you calculate Pell Grants using Formula 1?

How do you calculate Pell Grants using Formula 3?

How do you calculate Pell Grants using Formula 1?

Standard-term, credit-hour programs, with 30 weeks of instructional time (or waiver applies)

Enrollment for at least 12 credit hours each term required for full-time status

Program terms do not overlap

Academic calendar includes 2 semesters/trimesters (fall and spring) or 3 quarters (fall, winter, and spring).

Fall through spring terms equal at least 30 weeks of instructional time, or at least 26 weeks of instructional time if the program was granted a waiver of the minimum 30-week academic year requirement

STEP 1: Determine Enrollment Status

Full time, three-quarter time, half time, or less than half time

STEP 2: Calculate Pell COA

Full-time, full academic-year costs

STEP 3: Determine Annual Award

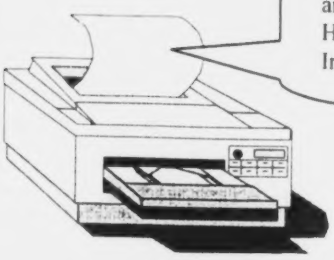
If the student's enrollment status is full-time, the annual award is taken from the full-time Payment Schedule (Scheduled Award). If the student's enrollment status is 3/4-time, 1/2-time, or less than 1/2-time, the annual award is taken from the appropriate part-time Disbursement Schedule.

STEP 4: Determine Payment Periods

Payment period is the academic term

STEP 5: Calculate Payment for a Payment Period

$$\frac{\text{Annual award}}{\text{Number of payment periods in the program's definition of academic year}}$$



Remember, this chart, the charts on pages 3 through 6, and anything else you find in the Federal Student Financial Aid Handbook, can be accessed and printed. Just go to the Internet site http://ifap.ed.gov!!

Full Time

Federal Pell Grant Program

Regular Payment Schedule for Determining
Full-Time Scheduled Awards in the 1999-2000 Award Period

January 1999

	Expected Family Contribution																														
[1]Cost of Attendance	0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	501 To 600	601 To 700	701 To 800	801 To 900	901 To 1000	1001 To 1100	1101 To 1200	1201 To 1300	1301 To 1400	1401 To 1500	1501 To 1600	1601 To 1700	1701 To 1800	1801 To 1900	1901 To 2000	2001 To 2100	2101 To 2200	2201 To 2300	2301 To 2400	2401 To 2500	2501 To 2600	2601 To 2700	2701 To 2800	2801 To 2900	2901 To 2925	2926 To 9999
0 - 199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200 - 299	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
300 - 399	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
400 - 499	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500 - 599	550	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
600 - 699	650	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
700 - 799	750	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800 - 899	850	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900 - 999	950	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1000 - 1099	1050	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1100 - 1199	1150	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1200 - 1299	1250	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1300 - 1399	1350	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1400 - 1499	1450	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1500 - 1599	1550	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1600 - 1699	1650	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1700 - 1799	1750	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1800 - 1899	1850	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1900 - 1999	1950	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0
2000 - 2099	2050	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0
2100 - 2199	2150	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0
2200 - 2299	2250	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0
2300 - 2399	2350	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0
2400 - 2499	2450	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0
2500 - 2599	2550	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0
2600 - 2699	2650	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0
2700 - 2799	2750	2700	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0
2800 - 2899	2850	2800	2700	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0
2900 - 2999	2950	2900	2800	2700	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0
3000 - 3099	3050	3000	2900	2800	2700	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0
3100 - 3124	3113	3063	2963	2863	2763	2663	2563	2463	2363	2263	2163	2063	1963	1863	1763	1663	1563	1463	1363	1263	1163	1063	963	863	763	663	563	463	400	400	400	0
3125 - 99999	3125	3075	2975	2875	2775	2675	2575	2475	2375	2275	2175	2075	1975	1875	1775	1675	1575	1475	1375	1275	1175	1075	975	875	775	675	575	475	400	400	400	0

[1] Important schools with tuitions and fees lower than $213 must use the alternate schedule for students in the cells outlined above

3/4 Time

Federal Pell Grant Program

Regular Disbursement Schedule for Determining
Three-Quarter-Time Annual Awards in the 1999-2000 Award Period

January 1999

Cost of Attendance	Expected Family Contribution																															
	0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	501 To 600	601 To 700	701 To 800	801 To 900	901 To 1000	1001 To 1100	1101 To 1200	1201 To 1300	1301 To 1400	1401 To 1500	1501 To 1600	1601 To 1700	1701 To 1800	1801 To 1900	1901 To 2000	2001 To 2100	2101 To 2200	2201 To 2300	2301 To 2400	2401 To 2500	2501 To 2600	2601 To 2700	2701 To 2800	2801 To 2900	2901 To 2925	2926 To 9999
0 - 199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200 - 299	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
300 - 399	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
400 - 499	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500 - 599	413	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
600 - 699	488	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
700 - 799	563	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800 - 899	638	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900 - 999	713	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1000 - 1099	788	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1100 - 1199	863	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1200 - 1299	938	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1300 - 1399	1013	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1400 - 1499	1088	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1500 - 1599	1163	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1600 - 1699	1238	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1700 - 1799	1313	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1800 - 1899	1388	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1900 - 1999	1463	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000 - 2099	1538	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0
2100 - 2199	1613	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0
2200 - 2299	1688	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0
2300 - 2399	1763	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0
2400 - 2499	1838	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0
2500 - 2599	1913	1875	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0
2600 - 2699	1988	1950	1875	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0
2700 - 2799	2063	2025	1950	1875	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0
2800 - 2899	2138	2100	2025	1950	1875	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0
2900 - 2999	2213	2175	2100	2025	1950	1875	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0
3000 - 3099	2288	2250	2175	2100	2025	1950	1875	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0
3100 - 3124	2335	2297	2222	2147	2072	1997	1922	1847	1772	1697	1622	1547	1472	1397	1322	1247	1172	1097	1022	947	872	797	722	647	572	497	422	400	400	0	0	0
3125 - 99999	2344	2306	2231	2156	2081	2006	1931	1856	1781	1706	1631	1556	1481	1406	1331	1256	1181	1106	1031	956	881	806	731	656	581	506	431	400	400	400	0	0

! Important: schools with tuitions and fees lower than $213 must use the alternate schedule for students in the cells outlined above

1/2 Time

Federal Pell Grant Program

Regular Disbursement Schedule for Determining Half-Time Annual Awards in the 1999-2000 Award Period

January 1999

Cost of Attendance	Expected Family Contribution																														
	0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	501 To 600	601 To 700	701 To 800	801 To 900	901 To 1000	1001 To 1100	1101 To 1200	1201 To 1300	1301 To 1400	1401 To 1500	1501 To 1600	1601 To 1700	1701 To 1800	1801 To 1900	1901 To 2000	2001 To 2100	2101 To 2200	2201 To 2300	2301 To 2400	2401 To 2500	2501 To 2600	2601 To 2700	2701 To 2800	2801 To 2900	2901 To 2925	2926 To 9999
0 - 199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200 - 299	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
300 - 399	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
400 - 499	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500 - 599	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
600 - 699	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
700 - 799	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800 - 899	425	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900 - 999	475	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1000 - 1099	525	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1100 - 1199	575	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1200 - 1299	625	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1300 - 1399	675	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1400 - 1499	725	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1500 - 1599	775	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1600 - 1699	825	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1700 - 1799	875	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1800 - 1899	925	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1900 - 1999	975	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000 - 2099	1025	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2100 - 2199	1075	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0
2200 - 2299	1125	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0
2300 - 2399	1175	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0
2400 - 2499	1225	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0
2500 - 2599	1275	1250	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0
2600 - 2699	1325	1300	1250	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0
2700 - 2799	1375	1350	1300	1250	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0
2800 - 2899	1425	1400	1350	1300	1250	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0
2900 - 2999	1475	1450	1400	1350	1300	1250	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0
3000 - 3099	1525	1500	1450	1400	1350	1300	1250	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0
3100 - 3124	1557	1532	1482	1432	1382	1332	1282	1232	1182	1132	1082	1032	982	932	882	832	782	732	682	632	582	532	482	432	400	400	400	400	0	0	0	0
3125 - 99999	1563	1538	1488	1438	1388	1338	1288	1238	1188	1138	1088	1038	988	938	888	838	788	738	688	638	588	538	488	438	400	400	400	400	0	0	0	0

! Important schools with tuitions and fees lower than $213 must use the alternate schedule for students in the cells outlined above

< 1/2 Time

Federal Pell Grant Program

Regular Disbursement Schedule for Determining Less-Than-Half-Time Annual Awards in the 1999-2000 Award Period

January 1999

Cost of Attendance	Expected Family Contribution																															
	0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	501 To 600	601 To 700	701 To 800	801 To 900	901 To 1000	1001 To 1100	1101 To 1200	1201 To 1300	1301 To 1400	1401 To 1500	1501 To 1600	1601 To 1700	1701 To 1800	1801 To 1900	1901 To 2000	2001 To 2100	2101 To 2200	2201 To 2300	2301 To 2400	2401 To 2500	2501 To 2600	2601 To 2700	2701 To 2800	2801 To 2900	2901 To 2925	2926 To 9999
0 - 199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200 - 299	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
300 - 399	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
400 - 499	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500 - 599	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
600 - 699	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
700 - 799	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800 - 899	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900 - 999	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1000 - 1099	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1100 - 1199	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1200 - 1299	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1300 - 1399	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1400 - 1499	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1500 - 1599	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1600 - 1699	413	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1700 - 1799	438	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1800 - 1899	463	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1900 - 1999	488	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000 - 2099	513	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2100 - 2199	538	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2200 - 2299	563	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2300 - 2399	588	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2400 - 2499	613	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2500 - 2599	638	625	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0
2600 - 2699	663	650	625	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0
2700 - 2799	688	675	650	625	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0
2800 - 2899	713	700	675	650	625	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0
2900 - 2999	738	725	700	675	650	625	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0
3000 - 3099	763	750	725	700	675	650	625	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0
3100 - 3124	778	766	741	716	691	666	641	616	591	566	541	516	491	466	441	416	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0
3125 - 99999	781	769	744	719	694	669	644	619	594	569	544	519	494	469	444	419	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0

I Important: schools with tuitions and fees lower than $213 must use the alternate schedule for students in the cells outlined above

Practice – Formula 1, Steps 1 to 3

O'Ryan College defines its academic year as 30 weeks and two terms (fall and spring). Each term has 15 weeks; full time is 12 credits per term. Bill is enrolled for 12 credits in each term. His EFC is 375, while his cost of attendance is $3,350.

Step 1: Enrollment Status

Fall Enrollment: __________

Spring Enrollment: __________

Step 2: COA

Bill's COA = $__________

Step 3: Annual Award

Bill's Annual Award = $__________

Janet is enrolled in the same program as Bill. She is enrolled for 12 credits in the fall, and 6 credits in the spring. Her EFC is 1,050.

Step 1: Enrollment Status

Fall Enrollment: __________

Spring Enrollment: __________

Step 2: COA

Janet's COA = $________

Step 3: Annual Award

Janet's fall annual award = $______________

Janet's spring annual award = $______________

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Practice – Formula 1, Steps 4 and 5

Student: Bill
Fall Annual Award: $2,775
Spring Annual Award: $2,775

Step 4: Payment Periods

Bill's payment periods are ______________________________.

Step 5: Payment per Payment Period

Fall (annual award ÷ 2) $______________________________

Spring (annual award ÷ 2) $______________________________
(see rules for rounding at bottom of this page)

Student: Janet
Fall Annual Award: $2,075
Spring Annual Award: $1,038

Step 4: Payment Periods

Janet's payment periods are ______________________________.

Step 5: Payment per Payment Period

Fall (annual award ÷ 2) $________________ ______________

Spring (annual award ÷ 2) $______________________________

Rounding Rules:

- **If number of terms is *even*, alternate rounding; whether you round up or down to start depends on the size of the decimal of the 1st term only (up if .5 or higher); disregard the decimal for all other terms.**
- **If *three* terms, round one way for the first two, and the other for the 3rd; whether you round up or down the first two terms depends on the size of the decimal of the 1st term only (up if .5 or higher); disregard the decimal for all other terms.**

Directions: Complete the 5 Pell calculation steps for the sample student below.

Case Study

Woodride College works on the quarter system. The school defines its academic year for all programs as 30 weeks and three quarters (fall, winter, and spring). Full time in each quarter is 12 credits.

Larry is enrolled for 6 credits in each quarter. His Cost of Attendance is $3,115. His EFC is 150.

Step 1 – Enrollment Status

Fall - ____________________
Winter - ____________________
Spring - ____________________

Step 2 – Cost of Attendance

Larry's COA = $________________

Step 3 – Annual Award

Fall Annual Award = $__________

Winter Annual Award = $__________

Spring Annual Award = $__________

Step – Payment Periods

Larry's Payment Periods are ________________________________.

Step – Payment per Period

During each quarter, Larry will receive $__________________.

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How do you calculate Pell Grants using Formula 3?

Any term-based, credit-hour programs; may include those qualifying for Formulas 1 and 2

STEP 1: Determine Enrollment Status

Full time, three-quarter time, half time, or less than half time

STEP 2: Calculate Pell COA

Full-time, full academic year costs

Cost for program or period not equal to academic year prorated. Two fractions compared:

$$\frac{\text{Hours in program's definition of academic year}}{\text{Hours to which the costs apply}}$$

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time in the enrollment period to which the costs apply}}$$

The entire cost is multiplied by the lesser of the two fractions to determine Pell COA.

STEP 3: Determine Annual Award

If the student's enrollment status is full-time, the annual award is taken from the full-time Payment Schedule (Scheduled Award). If the student's enrollment status is 3/4-time, 1/2-time, or less than 1/2-time, the annual award is taken from the appropriate part-time Disbursement Schedule.

STEP 4: Determine Payment Periods

Payment period is the academic term

STEP 5: Calculate Payment for a Payment Period

$$\text{Annual award} \times \frac{\text{Weeks of instructional time in the term}}{\text{Weeks of instructional time in program's definition of academic year}}$$

A single disbursement may not exceed 50% of the annual award

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Practice – Formula 3, Steps 1, 2, & 3

Rhodes Academy defines its academic year for all programs as 30 weeks and 24 credit hours. The Music Arts program is divided into four 8-week terms. Full time for each term is 6 credit hours. The cost of the program is $5,250.

Shira is enrolled in this program. Her EFC is 1100. She is enrolled for 4 credit hours in each of the first two terms, and 8 credit hours in each of the last two terms.

Step 1: Enrollment Status

Term 1: __________ Term 3: __________

Term 2: __________ Term 4: __________

Step 2: COA

Multiply COA by lesser of two fractions below:

# of hours in program's definition of academic year*

# of hours of actual instructional time

*statutory minimum 24 semester or trimester hours, 36 quarter hours, or 900 clock hours

# of weeks in program's definition of academic year**

# of weeks of actual instructional time

**statutory minimum of 30 weeks

COA of program x Lesser of two fractions = Pell Grant COA

Practice – Formula 3, Steps 1, 2, & 3 (cont'd)

Step 3: Annual Award

Term 1: __________ Term 3: __________

Term 2: __________ Term 4: __________

Practice – Formula 3, Steps 4 & 5

Step 4: Payment Periods

Shira has _____ payment periods.

Step 5: Payments per Period

$$\text{Annual Award} \times \frac{\text{Weeks of instructional time (in p.p.)}}{\text{Weeks of instructional time in program's definition of academic year}}$$

Remember!

Term 1: __________ Term 3: __________

Term 2: __________ Term 4: __________

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Case Study

Marie is enrolled at Julian Institute (JI). The academic year for her program is defined as 36 quarter hours and 30 weeks. JI has three 10-week quarters. Full time for each quarter as 12 credits.

Julian Institute also offers two 5-week summer mini-sessions. Full time during each summer session is 6 credits.

Marie is in a 30-week, 36-quarter- hour program. Her COA is $5,400. Her less-than-half-time COA is $2,300 (because room & board, as well as personal expenses, are excluded). Her EFC is 1,350.

She will not enroll during the fall quarter. She will enroll for 4 credits during the winter, 12 credits during the spring, and 6 credits in each of the summer sessions.

Step 1: Enrollment Status

Fall: __________ Summer 1: __________

Winter: __________ Summer 2: __________

Spring: __________

Step 2: Cost of Attendance

Regular Pell COA: __________

Less-than-half-time COA: __________

Step 3: Annual Award

Winter: __________ Summer 1: __________

Spring: __________ Summer 2: __________

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Step 4: Determine Payment Periods

Marie's payment periods are ________, ________, ________, & ________.

Step 5: Payment per Payment Period

$$\text{Annual Award} \times \frac{\text{Weeks of instructional time (in p.p.)}}{\text{Weeks of instructional time in program's definition of academic year}}$$

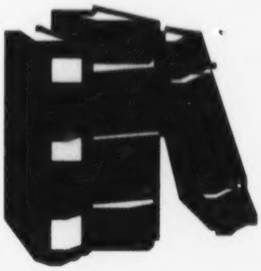
Remember!

Winter: __________

Spring: __________

Summer 1: __________

Summer 2: __________



Resources

- *Federal Student Financial Aid Handbook: Federal Pell Grant Program Reference*
- 34 CFR 690
- Dear Colleague Letter P-99-2 (Pell Payment Schedules)

Answer Key

Practice – Formula 1, Steps 1 to 3

Bill

Step 1: fall and spring enrollment – **full time**
Step 2: COA - **$3,350**
Step 3: Annual Award – **$2,775**

Janet

Step 1: fall – **full time**; spring – **half time**
Step 2: COA - **$3,115**
Step 3: fall Annual Award - **$2,075**
spring Annual Award - **$1,038**

Practice – Formula 1, Steps 4 and 5

Bill

Step 4: **fall and spring** are payment periods
Step 5: **$1,388** for fall; **$1,387** for spring

Janet

Step 4: **fall and spring** are the payment periods
Step 5: **$1,038** for fall; **$519** for spring

Case Study – Larry

Step 1: **½ time** for full year
Step 2: COA - **$3,115**
Step 3: Annual Award - **$1,482/quarter**
Step 4: **Three quarters**
Step 5: **$494/quarter**

Answer Key (cont'd)

Practice – Formula 3, Steps 1, 2, & 3

Step 1: 1st & 2nd term - **half time**
3rd and 4th term - **full time**

Step 2: $5,250 x 30/32 = **$4,922**

Step 3: 1st & 2nd term = **$1,038**
3rd & 4th term = **$2,075**

Practice – Formula 3, Steps 4 & 5

Step 4: Four

Step 5: 1st term = **$277**
2nd term = **$276**
3rd term = **$554**
4th term = **$553**

Case Study - Marie

Step 1: Fall – **not enrolled**
Winter – **less-than-half-time**
Spring – **full time**
Summer 1 – **full time**
Summer 2 – **full time**

Step 2: Regular Pell COA - **$5,400**
Less-than-half-time Pell COA - **$2,300**

Step 3: Winter - **$400**
Spring - **$1,775**
Summer 1 - **$1,775**
Summer 2 - **$1,775**

Step 4: **Four payment periods (winter, spring summer 1 & 2)**

Step 5: **Winter = $133**
Spring = $592
Summer 1 = $295
Summer 2 = $296

Session 10(c)

Calculating
Federal Pell Grant Awards
Nonterm Credit-Hour &
All Clock-Hour Programs

Questions we will answer during this session:

How do you calculate Pell Grants using Formula 4?

How do you calculate Pell Grants using Formula 4?

Clock-hour programs and credit-hour programs without terms

STEP 1: Determine Enrollment Status

At least half time or less than half time

STEP 2: Calculate Pell COA

Full-time, full academic year costs

Cost for program or period not equal to academic year prorated. Two fractions compared:

$$\frac{\text{Hours in program's definition of academic year}}{\text{Hours to which the costs apply}}$$

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time in the enrollment period to which the costs apply}}$$

The entire cost is multiplied by the lesser of the two fractions to determine Pell COA.

STEP 3: Determine Annual Award

Always taken from full-time Payment Schedule (equal to Scheduled Award)

STEP 4: Determine Payment Periods

Length of payment period measured in credit or clock hours.

Minimum of 2 equal payment periods required for programs shorter than an academic year, or 2 equal payment periods in each full academic year (or final portion longer than half an academic year) for programs longer than or equal to an academic year.

STEP 5: Calculate Payment for a Payment Period

Annual award is multiplied by two fractions:

(1) Annual award x the lesser of:

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in program}}{\text{Weeks of instructional time in program's definition of academic year}}$$

OR

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in academic year}}{\text{Weeks of instructional time in program's definition of academic year}}$$

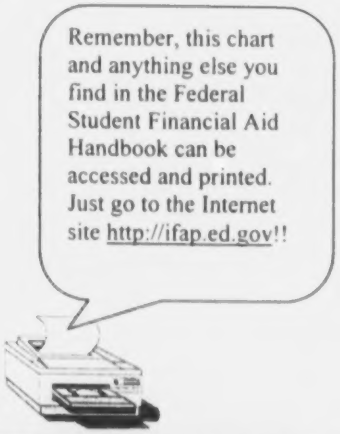
OR

One (1)

(2) The results of (1) are then multiplied by:

$$\frac{\text{Hours in a payment period}}{\text{Hours in program's definition of academic year}}$$

A single disbursement may not exceed 50% of the annual award



Remember, this chart and anything else you find in the Federal Student Financial Aid Handbook can be accessed and printed. Just go to the Internet site http://ifap.ed.gov!!

Practice – Formula 4, Steps 1 and 2

Tiptoe School of Ballet defines its academic year for all programs as 900 clock hours and 30 weeks. The school defines full time as 30 clock hours per week.

Helen's program is 800 clock hours and 27 weeks of instructional time. Her COA is $5,538, and her EFC is 375. Helen is enrolled for 30 clock hours per week.

Step 1: Enrollment Status

Helen's enrollment status is: ____ at least 1/2 ____ less than 1/2

Step 2: COA

Multiply COA by lesser of two fractions below:

# of hours in program's definition of academic year* ☐

# of hours of actual instructional time ☐

*statutory minimum 24 credit or 900 clock hours

# of weeks in program's definition of academic year** ☐

# of weeks of actual instructional time ☐

**statutory minimum of 30 weeks

COA of program		Lesser of two fractions		Pell Grant COA
☐	X	☐ / ☐	=	☐

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Full Time

Federal Pell Grant Program

Regular Payment Schedule for Determining Full-Time Scheduled Awards in the 1999-2000 Award Period

January 1999

Cost of Attendance	Expected Family Contribution																														
	0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	501 To 600	601 To 700	701 To 800	801 To 900	901 To 1000	1001 To 1100	1101 To 1200	1201 To 1300	1301 To 1400	1401 To 1500	1501 To 1600	1601 To 1700	1701 To 1800	1801 To 1900	1901 To 2000	2001 To 2100	2101 To 2200	2201 To 2300	2301 To 2400	2401 To 2500	2501 To 2600	2601 To 2700	2701 To 2800	2801 To 2900	2901 To 2925	2926 To 9999
0 - 199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200 - 299	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
300 - 399	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
400 - 499	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500 - 599	550	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
600 - 699	650	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
700 - 799	750	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800 - 899	850	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900 - 999	950	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1000 - 1099	1050	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1100 - 1199	1150	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1200 - 1299	1250	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1300 - 1399	1350	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1400 - 1499	1450	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1500 - 1599	1550	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1600 - 1699	1650	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1700 - 1799	1750	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1800 - 1899	1850	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1900 - 1999	1950	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0
2000 - 2099	2050	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0
2100 - 2199	2150	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0
2200 - 2299	2250	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0
2300 - 2399	2350	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0
2400 - 2499	2450	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0
2500 - 2599	2550	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0
2600 - 2699	2650	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0
2700 - 2799	2750	2700	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0
2800 - 2899	2850	2800	2700	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0
2900 - 2999	2950	2900	2800	2700	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0
3000 - 3099	3050	3000	2900	2800	2700	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0
3100 - 3124	3113	3063	2963	2863	2763	2663	2563	2463	2363	2263	2163	2063	1963	1863	1763	1663	1563	1463	1363	1263	1163	1063	963	863	763	663	563	463	400	400	400	0
3125 - 99999	3125	3075	2975	2875	2775	2675	2575	2475	2375	2275	2175	2075	1975	1875	1775	1675	1575	1475	1375	1275	1175	1075	975	875	775	675	575	475	400	400	400	0

I Important: schools with tuitions and fees lower than $213 must use the alternate schedule for students in the cells outlined above

Practice – Formula 4, Step 3

Student:	Helen
Enrollment:	At least 1/2 time
Pell COA:	$6,153

Step 3: Annual Award

Helen's Annual Award: $______________

Defining Payment Periods

If the program is one academic year or less in length, divide it into at least two equal payment periods.

Example 1: 900 clock-hour academic year

880-Clock-Hour Program

440 Clock Hours **440 Clock Hours**

If the program is longer than one academic year, and the remainder of the program is less than or equal to one half of an academic year, the final payment period is the final portion of the program.

Example 2: 900 clock-hour academic year

1200-Clock-Hour Program

450 Clock Hours **450 Clock Hours** Year 1

300 Clock Hours Year 2

If the program is longer than 1.5 year, but less than 2 years, the final portion of the program is divided into at least 2 equal payment periods.

Example 3: 900 clock-hour academic year

1600-Clock-Hour Program

450 Clock Hours **450 Clock Hours** Year 1

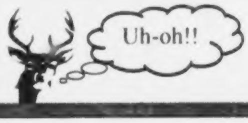
350 Clock Hours **350 Clock Hours** Year 2

Checkpoint #1: Payment Periods

Hale University uses a 900-clock-hour academic year. Their mountain climbing program is 1650 clock hours long. Their taxidermy program is 1250 clock hours long.

Divide Mountain Climbing into payment periods:

1st Year:		
2nd Year:		



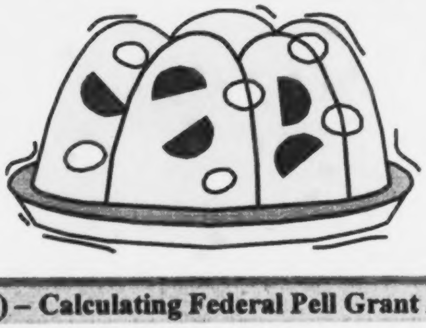
Divide Taxidermy into payment periods:

1st Year:		
2nd Year:		

The Food Institute is a nonterm credit-hour school. Each academic year is 24 credit hours. Their Dessert Design program is 64 credit hours long.

Divide the Dessert Design program into payment periods:

1st Year:		
2nd Year:		
3rd Year:		



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Practice – Formula 4, Step 4

Now, back to Helen.

So far, we've determined the following: (see page 5)

Enrollment Status: ____________________

Pell COA: ____________________

Annual Award: ____________________

Remember, Helen's program is 800 clock hours and 24 weeks of instructional time.

Step 4: Determine Payment Periods

____________________ hours & ____________________ hours

Rounding Rules (for use in Step 5):

- **If the number of payment periods is *even*, alternate rounding; whether you round up or down to start depends on the size of the decimal of the 1st payment period only (up if .5 or higher); disregard the decimal for all other payment periods.**
- **If there are *three* payment periods, round one way for the first two, and the other for the 3rd; whether you round up or down the first two payment periods depends on the size of the decimal of the 1st payment period only (up if .5 or higher); disregard the decimal for all other payment periods.**

Practice – Formula 4, Step 5

Step 5: Payment per Payment Period

Remember, the school defines its academic year as 900 clock hours and 30 weeks. The program is 800 clock hours and 27 weeks.

Determine the fractions:

Weeks of instructional time for a full-time student to complete hours in the program

Weeks of instructional time in program's definition of academic year (30 min.)

Weeks of instructional time for a full-time student to complete hours in the definition of academic year

Weeks of instructional time in program's definition of academic year (30 minimum)

Determine the adjusted annual award:

(lesser of two fractions above or 1)

(Annual Award) $______ X =

(A)

Calculate payment per payment period:

(A) X Hours in payment period / Hours in program's def. of academic year (min. 900) = 1st payment period & 2nd payment period

Helen receives two payments totaling $___________ for her program, enabling her to reach her artistic dream.

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Case Study

Computer Training College (CTC) defines full time as 30 clock hours per week. An 840-clock-hour certificate program takes a full-time student 28 weeks of instructional time to complete. The academic year is defined as 900 clock hours and 30 weeks. The cost of attendance for this program is $9,807.

Zoe Marshall plans to attend CTC for this program. She has an EFC of 168. She will attend 30 clock hours per week. Please complete Steps 1 through 5 to calculate Zoe's Pell payments.

Step 1: Enrollment Status

Zoe's enrollment status is ____________________.

Step 2: Cost of Attendance

Given COA - **$9,807**

Proration ratio fractions (choose lesser):

Hours in program's definition of academic year 900
Hours of actual instructional time ____

Weeks in program's definition of academic year 30
Weeks of actual instructional time ____

$9,807 X ______________ = $__________ (Pell COA)

Lesser of two fractions

Step 3: Annual Award

Zoe's annual award = $____________

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Step 4: Determine Payment Periods

Zoe's program is 840 clock hours, which divides into two payment periods of __________ clock hours each.

Step 5: Payment per Payment Period

Determine the fractions:

Weeks of instructional time for a full-time student to complete hours in the program	☐
Weeks of instructional time in program's definition of academic year (minimum 30)	30

Weeks of instructional time for a full-time student to complete hours in the definition of academic year	30
Weeks of instructional time in program's definition of academic year (minimum 30)	30

Determine the adjusted annual award:

(Annual Award) $__________ X $\frac{\boxed{}}{\boxed{}}$ = ☐

(A)

Lesser of the two fractions or 1.

Calculate payment per payment period:

(A) ☐ X $\frac{\boxed{}}{\boxed{900}}$ = ☐ & ☐

Hours in payment period

Hours in program's def. of academic year

Payment Period 1

Payment Period 2

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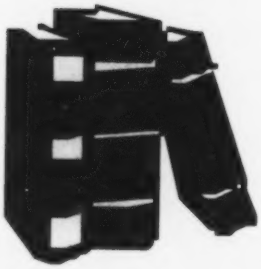

Resources

- ★ *Federal Student Financial Aid Handbook: Federal Pell Grant Program Reference*
- ★ 34 CFR 690
- ★ Dear Colleague Letter P-99-2
  (Pell Payment Schedules)

Answer Key

Practice – Formula 4, Steps 1 and 2

Step 1: **at least half time**
Step 2: $5,538 X (30/27) = **$6,153**

Practice – Formula 4, Step 3

Step 3: **$2,775**

Checkpoint #1 – Payment Periods

Mountain Climbing (1650 clock hours)

First year:	**2 payment periods of 450 clock hours each**
Second year:	**2 payment periods of 375 clock hours each**

Taxidermy (1250 clock hours)

First year:	**2 payment periods of 450 clock hours each**
Second year:	**1 payment period of 350 clock hours**

Dessert Design (64 credit hours)

First year:	**2 payment periods of 12 credit hours each**
Second Year:	**2 payment periods of 12 credit hours each**
Third Year:	**2 payment periods of 8 credit hours each**

Practice – Formula 4, Step 4

Step 4: **Two payment periods of 400 clock hours each**

Practice – Formula 4, Step 5

Step 5: Adjusted Annual Award - $2,775 X (27/30) = **$2,497**
Payment per Payment Period - $2,497 X (400/900) = **$1,110,**
$1,109

Answer Key (cont'd)

Case Study – Zoe

Step 1: **at least half time**
Step 2: $9,807 X (30/28) or (900/840) = **$10,508**
Step 3: **$2,975**
Step 4: **Two payment periods of 420 clock hours**
Step 5: Adjusted Annual Award - $2,975 X (28/30) = **$2,777**
Payment per Payment Period - $2,777 X (420/900) = **$1,296 (P.P. 1) and $1,295 (P.P. 2)**

Session 11

Campus-Based Programs

Questions we will answer during this session:

What are the similarities among the campus-based programs?

What are the eligibility, funding, and administrative requirements of each of the campus-based programs?

What are the rules for transferring campus-based funds?

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What are the similarities among the campus-based programs?

1 All three programs are administered by the school.

2 The school awards funds to students depending on, among other things, the amount of campus-based funds allocated to the school for that year.

3 The school applies for and reports on campus-based funds annually using the electronic Fiscal Operations Report and Application to Participate (FISAP).

4 Each year, the school must match federal funds with nonfederal funds.

5 Schools must use a "reasonable" percentage of their federal portion to pay "nontraditional" students (independent students enrolled less than full time).

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6 The school is allowed to take an administrative cost allowance (ACA) from the federal portion to help offset the costs of the campus-based programs.

Administrative Cost Allowance (ACA) Calculation:

5% of the first $2,750,000 of expenditures

+ 4% of expenditures greater than $2,750,000 but less than $5,500,000

+ 3% of expenditures greater than $5,500,000

What are the eligibility, funding, and administrative requirements for each campus-based program?

Federal Supplemental Educational Opportunity Grants (FSEOG)

Considerations in Awarding FSEOG:

- ✓ Award Pell recipients with lowest EFCs first
- ✓ Award non-Pell recipients with the lowest EFCs second
- ✓ Reserve "reasonable" percentage of funds for independent students enrolled less-than-full time
- ✓ If rolling admissions, reserve funds for all start dates

What types of issues do you currently face, or what kinds of issues do you anticipate facing, in selecting FSEOG recipients?

____

____

____

____

Minimum Award = $100
Maximum Award = $4,000

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FSEOG Matching Requirements

Total FSEOG Available to Disburse

Federal - 75 %

Nonfederal - 25%

Checkpoint #1: FSEOG Matching

A school receives $75,000 of federal FSEOG funds for the award year. (All ACA will be taken out of Perkins.)

1) The total FSEOG available for the year is __________.

2) The school's share will be ______________.

Meeting the FSEOG Nonfederal Share

There are three methods by which schools may meet the nonfederal share of FSEOG: *individual-recipient*, *fund-specific*, or *aggregate.*

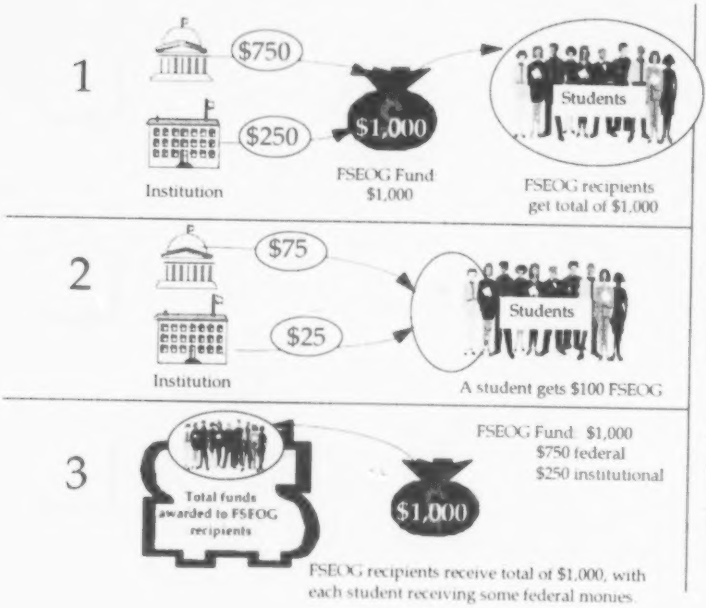
Individual Recipient
This method involves each individual student receiving 75% federal funds, and 25% nonfederal funds, in his or her FSEOG award.

Fund-specific
Using this method, the total funds disbursed to all students break down into 75% federal, and 25% nonfederal.

Aggregate
Both federal and nonfederal funds are grouped together, and all students receive some federal money, although not necessarily 75% of their award is federal.

The following illustrates these three methods:

Three Methods to Meet Nonfederal Share


1
$750
$250
$1,000
Students
Institution
FSEOG Fund $1,000
FSEOG recipients get total of $1,000
2
$75
$25
Students
Institution
A student gets $100 FSEOG
3
Total funds awarded to FSEOG recipients
$1,000
FSEOG Fund: $1,000
$750 federal
$250 institutional
FSEOG recipients receive total of $1,000, with each student receiving some federal monies.

This is meeting the nonfederal share on the *fund-specific* basis.

This is meeting the nonfederal share on the *individual-recipient* basis.

This is meeting the nonfederal share on the *aggregate* basis.

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Federal Work Study (FWS)

Gross Wages

– Job-related expenses

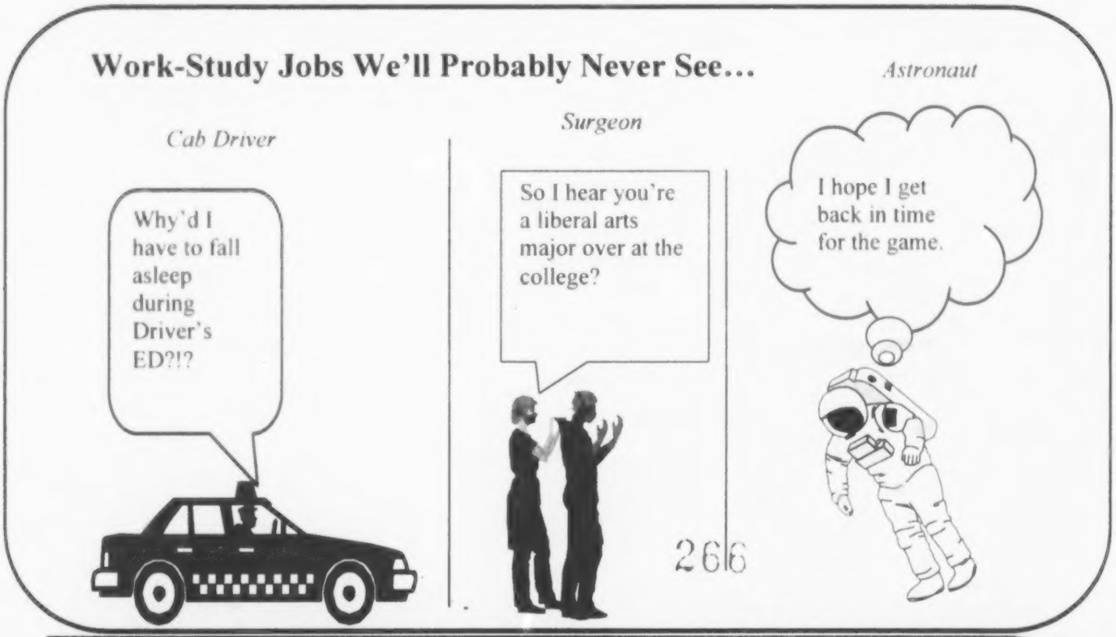
– Any taxes that will not be refunded to the student

= STUDENT'S NET EARNINGS

Federal Work Study Job Descriptions

Job descriptions for FWS jobs must contain the following:

- name, address of student's employer
- purpose of student's job
- student's duties and responsibilities
- job qualifications
- job's wage rate or range
- length of student's employment
- name of student's supervisor



Work-Study Jobs We'll Probably Never See…

Cab Driver
Why'd I have to fall asleep during Driver's ED?!?
Surgeon
So I hear you're a liberal arts major over at the college?
Astronaut
I hope I get back in time for the game.

FWS Community Service Requirement

A school must expend at least 5% of its FWS federal allocation to pay students employed in community-service jobs. If the school later receives a supplemental allocation, then the school must expend the greater of:

- 5% of the new total allocation, and
- the amount of the supplemental allocation

➡ To be sure 5% is **expended**, you should **award** more than 5%, in case some students decide not to take the jobs.

☑ Checkpoint #2 – Community Service

Scenario A: A school receives $500,000 initial FWS allocation and $30,000 supplemental FWS allocation.

How much must the school expend to meet the community service requirement?

Scenario B: A school receives $250,000 initial FWS allocation and $10,000 supplemental FWS allocation.

How much must the school expend to meet the community service requirement?

FWS Matching Requirements

Private, for-profit
FWS employment

Federal - 50 % | **Nonfederal - 50 %**

Any other
FWS employment

Federal - 75 %* | **Nonfederal - 25 %**

*This can be as high as 90% if the student is working for a public or nonprofit agency without enough funding. This exception may not apply for more than 10% of a school's FWS students.

A school can pay the nonfederal share using its own funds, outside funds from an off-campus agency, or both.

- Also, the school has the option of paying the student the nonfederal share in the form of noncash contributions of services and equipment (tuition and fees, room and board, and books).

Remember, the federal share can be paid directly to the student, or credited to the student's account (with the student's authorization)!

Directions: In the following scenario, find the four mistakes the school is making.

Case Study

Sutton College receives a federal allocation of Federal Work Study funds in the amount of **$600,000**. FWS is Sutton College's only campus-based program.

All of the FWS jobs available to Sutton's students are with nonprofit agencies; all of these agencies do have funding to pay the students. With that in mind, the business office at Sutton calculates the required nonfederal match at **$200,000**. The total available to pay students is therefore **$800,000**.

Assuming they will expend the full $800,000, the school then anticipates its Administrative Cost Allowance as **$32,000**.

Not forgetting the community service requirement, Sutton officials decide that they must expend **$30,000**. So, they send award letters to potential FWS students to offer FWS jobs that would pay out **$30,000** over the course of the year.

One of the jobs, tutoring professors' young children in a reading program, is set up for **$4.50/hour**. The school decides that this program will serve both as part of the America Reads Challenge and the expenditures to pay students will help meet Sutton's 5% community service requirement.

Circle the 4 mistakes and correct them below.

1)

2)

3)

4)

Federal Perkins Loan Program

Annual Maximum - **$4,000** undergrad; **$6,000** grad
Aggregate Maximum - **$20,000** undergrad; **$40,000** grad
(aggregate for grad **includes** undergrad amount)

Perkins Matching Requirements

Total Allocation

Federal Capital Contribution (FCC) - 75 %

Institutional Capital Contribution (ICC) - 25%

You can think of the ICC as 1/3 of the FCC, or 1/4 of the total allocation.

Example:

FCC : $3,000

ICC: $1,000
(1/3 of FCC)
(1/4 of Total)

Total: $4,000

Perkins Loan Counseling

When counseling Perkins borrowers before disbursing the money, include the following:

- *The loan must be repaid;*
- *The borrower has certain rights and responsibilities; and*
- *The money can only be used for educational purposes.*

Also, you're encouraged to provide other helpful information to students, including:

- *Preliminary debt counseling on total debt and repayment terms;*
- *Advising students to keep all records pertaining to the loan, including repayment records; and*
- *Reminding students to inform the school of any changes in addresses, names, or other information.*

Before we discuss your loan debt, is there anything I can offer you?

FEDERAL PERKINS LOAN PROMISSORY NOTE

Section A Borrower Section

1. Name (last, first, middle initial) and Permanent Address (street, city, state, zip code)

2. Social Security Number

3. Date of Birth

4. Area Code/Telephone Number

5. Driver's License Number (List state abbreviation first)

Section B School Section

6. School Name & Address (street, city, state, zip code)

7. Borrower Status

☐ Half-time or greater ☐ Less than half-time

8. Interest Rate

5%

Loan Amount	Loan Period	Date Signed	Borrower's Signature

TERMS AND CONDITIONS:

[Any bracketed clause or paragraph may be included at option of institution.]

APPLICABLE LAW - The terms of this note and any disbursements made under this note shall be interpreted in accordance with Part E of Title IV of the Higher Education Act of 1965, as amended (hereinafter called the Act), as well as Federal regulations issued under the Act. All sums advanced under this note are subject to the Act and Federal regulations issued under the Act.

REPAYMENT - I am obligated to repay the principal and the interest that accrues on it to the above-named institution (hereinafter called the school) over a period beginning 9 months (or sooner if I am a less than a half-time borrower) after the date I cease to be at least a half-time student at an Institution of higher education or a comparable school outside the United States approved by the United States Secretary of Education (hereinafter called the Secretary) and ending 10 years later, unless I request in writing that my repayment period begin sooner. I understand that the school will report the amount of my installment payments, along with the amount of this loan to a national credit bureau. Interest on this loan shall accrue from the beginning of the repayment period. My repayment period may be shorter than 10 years if I am required by my school to make minimum monthly payments. Upon my written request my repayment period may be extended during periods of deferment, hardship, or forbearance and I may make graduated installments in accordance with a schedule approved by the Secretary. I will make my installment payments in equal monthly, bimonthly or quarterly installments as determined by the school. The school may round my installment payment to the next highest multiple of $5. [I will make a minimum monthly repayment of $40 (or $30 if I have outstanding Federal Perkins loans made before October 1, 1992 that included the $30 minimum payment option) in accordance with the Minimum Monthly Payment Section of the Terms and Conditions contained on the reverse side of this document.]

LATE CHARGES - The school will impose late charges if I do not make a scheduled payment when due or if I fail to submit to the school on or before the due date of the payment, a properly documented written request that I qualify for any of the forbearance, deferment or cancellation benefits as described below. No late charges may exceed 20% of my monthly, bimonthly or quarterly payment. The school may add the late charges to principal the day after the scheduled repayment was due or include it with the next scheduled repayment after I have received notice of the charge, and such notice is sent before the next installment is due.

REQUESTS FOR DEFERMENT, CANCELLATION OR FORBEARANCE - To receive deferment, cancellation, or forbearance benefits, I must make a written request to the school and must submit to the school any documentation the school requires to prove my eligibility for these benefits. I am responsible for submitting the appropriate requests on time, and I may lose my benefits if I fail to file my request on time.

DEFAULT - If I fail to make a scheduled payment when due, if I fail to submit to the school, on or before the due date of a scheduled payment, documentation that I qualify for a deferment, cancellation, or forbearance, or if I fail to comply with the terms and conditions of this promissory note or written repayment agreement, the school may, at its option, declare my loan to be in default and may accelerate my loan (demand immediate payment of the entire unpaid balance of the loan, including principal, interest, late charges, and collection costs). The school, and the Secretary, if my loan is assigned to the Secretary for collection, shall disclose to credit bureau organizations that I have defaulted and all other relevant loan information. I will lose my right to defer payments and my right to forbearance if I default on my loan. I will lose my right to receive cancellation benefits for service that is performed after the date the school accelerated the loan. I will be ineligible for any further federal student financial assistance authorized under the Act until I make arrangements that are satisfactory to the school or the Secretary to repay my loan.

CHANGE OF STATUS - I will inform the school of any change in my name, address, telephone number, Social Security number, or driver's license number.

ASSIGNMENT - This note may be assigned by the school only to the United States. The provisions of this note that relate to the school shall where appropriate relate to the assignee.

PROMISE TO PAY - I promise to pay the school, or a subsequent holder of the Promissory Note, the sum of amount(s) advanced to me under the terms of this Note, plus interest and other fees which may become due as provided in this Note. I promise to pay all reasonable collection costs, including attorney fees and other charges, necessary for the collection of any amount not paid when due. I will not sign this Note before reading it, including the provisions on the reverse side. This loan has been made to me without security or endorsement. My signature certifies I have read, understand, and agree to the terms and conditions of this Promissory Note. THIS IS A LOAN(S) THAT MUST BE REPAID.

Borrower's Signature

Date:

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Terms and Conditions (cont.)

HARDSHIP REPAYMENT OPTIONS - Upon my written request, if I qualify as a low-income individual during the repayment period, the school may extend the repayment period for up to an additional ten (10) years and may adjust any repayment schedule to reflect my income. Upon my written request, the school may extend the repayment period if, in its opinion, prolonged illness or unemployment prevent me from making the scheduled repayments during which time interest will continue to accrue. The school may permit me to pay less than the minimum monthly repayment rate for a period of not more than one year at a time if I experience a period of prolonged illness or unemployment except such action may not extend the repayment period beyond 10 years.

GRACE PERIODS - My initial grace period before beginning repayment is 9 months. If I am a Less-Than-Half-Time Borrower with outstanding Federal Perkins Loans, my repayment begins when the next scheduled installment of my outstanding loan is due. If I am a Less-Than-Half-Time Borrower with no outstanding Federal Perkins Loans, my repayment begins the earlier of: 9 months from the date my loan was made, or 9 months from the date I became less than a half-time student, even if I received the loan after I became a less than half-time student. My payments will resume after a post-deferment grace period of 6 months that follows deferments that apply to Federal Perkins loans.

PREPAYMENT - I may prepay all or any part of my unpaid loan balance, plus any accrued interest, at any time without penalty. Amounts I repay in the academic year in which the loan was made and before the initial grace period has ended will be used to reduce the amount of the loan and will not be considered a prepayment. If I repay amounts during the academic year in which the loan was made and the initial grace period ended, only those amounts in excess of the amount due for any repayment period shall be considered a prepayment. If, in an academic year other than the award year in which the loan was made, I repay more than the amount due for an installment, the excess will be used to repay principal unless I designate it as an advance payment of the next regular installment.

MINIMUM MONTHLY PAYMENT - I will make a minimum monthly repayment of $40 (or $30 if I have outstanding Federal Perkins loans made before October 1, 1992 that included the $30 minimum payment option) if required by the school. If the total monthly repayment rate on this loan and any outstanding Federal Perkins loans I may have is less than the minimum monthly repayment rate established by the school, the school may still require a minimum monthly repayment rate. A minimum monthly repayment amount will combine my obligation on this and all my outstanding Federal Perkins loans, including those made at other schools. The portion of the minimum monthly payment that will be applied to this loan will be the difference between the minimum monthly payment and the total amounts owed at a monthly rate on my other Federal Perkins loans. If each school holding my outstanding Federal Perkins loans exercises the minimum monthly payment option, the minimum monthly repayment will be divided among the schools in proportion to the amount of principal advanced by each school.

FORBEARANCE - Upon making a properly documented written request to the school, I am entitled to forbearance of principal and interest or principal only, renewable at intervals up to 12 months for periods that collectively do not exceed three years, under the following conditions: If my monthly Title IV loan debt burden equals or exceeds 20% of my total monthly gross income, if the Secretary authorizes a period of forbearance due to a national military mobilization or other national emergency, or if the school determines that I qualify due to poor health or for other reasons, including service in AmeriCorps. Interest accrues during any period of forbearance.

DEFERMENTS - Upon making a properly documented written request to the school, I may defer making scheduled installment payments and will not be liable for any interest that might otherwise accrue 1) during any period that I am enrolled and attending as a regular student in at least a half-time course of study at an eligible school, enrolled and attending as a regular student a graduate fellowship program approved by the Secretary, engaged in graduate or post-graduate fellowship-supported study outside the US, enrolled and attending a rehabilitation training program for disabled individuals approved by the Secretary, engaged in public service that qualifies me to have part or all of my loan canceled, 2) for a period not to exceed three years during which I am seeking but unable to find full-time employment, 3) for a period not to exceed three years during which I am experiencing an economic hardship as determined by the school. I am not eligible for a deferment while serving in a medical internship or residency program. I may continue to defer making scheduled installment payments and will not be liable for any interest that might otherwise accrue for a six-month period immediately following the expiration of any deferment period described in this paragraph.

CANCELLATIONS - Upon making a properly documented written request to the school, I am entitled to have up to 100% of the original principal loan amount of this loan canceled if I perform qualifying service in the areas listed in paragraphs A, B, C, D and E below. Qualifying Service must be performed after I receive the loan.

A. **Teaching** • a full-time teacher in a public or other nonprofit elementary or secondary school, that has been designated by the Secretary in accordance with the provisions of section 465(a)(2) of the Act as a school with a high concentration of students from low-income families. An official Directory of designated low-income schools is published annually by the Secretary. • a full-time special education teacher in a public or nonprofit elementary or secondary school system. • a full-time teacher, in a public or other nonprofit elementary or secondary school system, who teaches mathematics, science, foreign languages, bilingual education, or any other field of expertise that is determined by the State Department of Education to have a shortage of qualified teachers in that State.

B. **Early Intervention Services** • a full-time qualified professional provider of early intervention services in a public or other nonprofit program under public supervision by a lead agency as authorized by section 672(2) of the Individuals with Disabilities Education Act. Early Intervention Services are provided to infants and toddlers with disabilities.

C. **Law Enforcement or Corrections Officer** • a full-time law enforcement officer for an eligible local, State, or Federal law enforcement agency, or • a full-time corrections officer for an eligible local, State, or Federal corrections agency.

D. **Nurse or Medical Technician** • a full-time nurse providing health care services, or • a full-time medical technician providing health care services.

E. **Child or Family Service Agency** • a full-time employee of an eligible public or private non-profit child or family service agency who is providing or supervising the provision of services to high-risk children who are from low-income communities and the families of such children.

Cancellation Rates - For each completed year of service under paragraphs A, B, C, D and E a portion of this loan will be canceled at the following rates:

• 15% of the original principal loan amount for each of the first and second years, • 20% of the original principal loan amount for each of the third year and fourth years, and • 30% of the original principal loan amount for the fifth year.

F. **Head Start Cancellation** - Upon making a properly documented written request to the school, I am entitled to have up to 100% of the original principal loan amount canceled for qualifying service performed after I receive the loan as: • a full-time staff member in the educational component of a Head Start program which is operated for a period comparable to a full school year and which pays a salary comparable to an employee of the local educational agency.

Cancellation Rate - For each completed year of service under the Head Start Cancellation provision, this loan will be canceled at the rate of 15% of the original principal loan amount.

G. **Military Cancellation** - Upon making a properly documented written request to the school, I am entitled to have up to 50% of the principal amount of this loan canceled for qualifying service performed after I receive the loan as: • a member of the Armed Forces of the United States in an area of hostilities that qualifies for special pay under section 310 of Title 37 of the United States Code.

Cancellation Rate - For each completed year of service under the Military Cancellation provision, this loan will be canceled at the rate of 12 1/2% of the original principal loan amount.

H. **Volunteer Service Cancellation** - Upon making a properly documented written request to the school, I am entitled to have up to 70% of the original principal loan amount of this loan canceled for qualifying service performed after I received the loan as: • a volunteer under the Peace Corps Act, • a volunteer under the Domestic Volunteer Service Act of 1973 (ACTION programs).

Cancellation Rate - For each completed year of service under the Volunteer Service Cancellation provision, a portion of this loan will be canceled at the following rates:

• 15% of the original principal loan amount for each of the first and second 12-month periods of service, and • 20% of the original principal loan amount for each of the third and fourth 12-month periods of service.

I. **Death and Disability Cancellation** - In the event of my death, the school will cancel the total amount owed on this loan. If I become permanently and totally disabled after I receive this loan, the school will cancel the total amount owed on this loan.

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Federal Perkins Loan Deferment Provisions†

DEFERMENT CONDITION	Federal Perkins/NDSL Disbursed on or after 07/01/93	Federal Perkins Disbursed before 07/01/93 & on or after 07/01/87	NDSL Disbursed before 07/01/93 & on or after 10/01/80	NDSL Disbursed before 10/01/80
Half-time enrollment	No limit*	No limit*	No limit*	No limit*
Rehabilitation training	No limit*	No limit*	No limit*	No limit*
Graduate fellowship study [1]	No limit*	No limit*	No limit*	No limit*
Eligible internship or residency program	N/A	2 years [2]*	2 years [3]*	N/A
Inability to secure full-time employment	3 years*	3 years*	3 years*	3 years*
Economic hardship [4]	3 years*	3 years*	3 years*	3 years*
Hardship as determined by school	N/A	No limit**	No limit**	No limit**
Law enforcement/correction officer	see footnote 5*	see footnote 5*	see footnote 5*	see footnote 5*
Peace Corps/ACTION program volunteer	see footnote 5*	3 years*	3 years*	3 years*
Full-time volunteer for tax-exempt organization in service comparable to Peace Corps or ACTION	N/A	3 years*	3 years*	N/A
U.S. Armed Service	see footnote 5*	3 years*	3 years*	3 years*
Officer in Commissioned Corps of U.S. Public Health Service	N/A	3 years*	3 years*	N/A
National Oceanic and Atmospheric Admin. Corps	N/A	3 years*	N/A	N/A
Nurse/medical technician providing health services	see footnote 5*	see footnote 5*	see footnote 5*	see footnote 5*
Temporary total disability or care for temporarily totally disabled spouse/dependent	N/A	3 years*	3 years [6]*	N/A
Pregnancy, care of newborn or newly adopted child [7]	N/A	6 months*	N/A	N/A
Mother of pre-schooler working or returning to work [8]	N/A	1 year*	N/A	N/A
Employment in Head Start Program	see footnote 5*	see footnote 5*	see footnote 5*	see footnote 5*
Teacher in designated low-income school	see footnote 5*	see footnote 5*	see footnote 5*	see footnote 5*
Teacher of special education, including teacher of infants, toddlers, children, or youth with disabilities [9]	see footnote 5*	see footnote 5*	see footnote 5*	see footnote 5*
Provider of early intervention services [10]	see footnote 5*	see footnote 5*	see footnote 5*	see footnote 5*
Teacher of mathematics, science, foreign languages, bilingual education, or other field of expertise determined by the state education agency to have a shortage of qualified teachers	see footnote 5*	see footnote 5*	see footnote 5*	see footnote 5*
Provider or supervisor of provision of services to high-risk children from low-income communities and their families [11]	see footnote 5*	see footnote 5*	see footnote 5*	see footnote 5*

***Principal need not be paid, and interest does not accrue.**
****Principal and interest may be deferred, but interest continues to accrue.**
† Notes follow on the next page.

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Federal Perkins Loan Deferment Provisions

The chart on the previous page is to be used for reference only. Refer to Part E of the Higher Education Act and 34 CFR Part 674, Sections 674.33 through 674.39 (which the chart and provisions summarize) if you have any questions about a particular borrower's eligibility for loan deferment.

1. A deferment request from a borrower enrolled in a graduate or postgraduate fellowship-supported program outside of the U.S. is approved until the completion of the fellowship period.
2. The internship program must require that the borrower have a bachelor's degree before being admitted. In addition, the program must be required by a state licensing agency for certification for professional practice or service, or the program must lead to a postgraduate degree or certificate from a postsecondary school, hospital, or health-care facility.
3. The internship program must require that the borrower have a bachelor's degree before being admitted. The program must be required by the state licensing agency for certification for professional practice or service.
4. A borrower is considered to have an economic hardship if the borrower:
    a. Is working full-time but earning an amount that does not exceed (the greater of):
        1) the federal minimum wage *or*
        2) an amount equal to 100% of the poverty line for a family of two as determined according to section 673(2) of the Community Service Block Grant Act **OR**
    b. meets other regulatory criteria that take into account the borrower's debt-to-income ratio as a primary factor.
5. Deferment is for a period in which the borrower is engaged in service eligible for Federal Perkins Loan cancellation.
6. Applies to borrower or care of spouse only. Does not allow deferment for the care of a temporarily totally disabled dependent.
7. Borrower must not be attending an eligible postsecondary institution or be gainfully employed. Deferment must begin within 6 months after the borrower ceased to be enrolled at least half time at an eligible institution.
8. Borrower's salary must not be more than $1 over the minimum hourly wage rate.
9. Infants, toddlers, children, and youth with disabilities are defined in Section S 602(a)(1) and 672(1) of the Individuals with Disabilities Education Act.
10. Must be employed in a public or nonprofit program under public supervision. A qualified professional provider of early intervention services is defined in Section 672(2) of the Individuals with Disabilities Education Act.
11. Must be employed in public or nonprofit child or family services agency. High-risk children are defined as individuals under the age of 21 who: are low-income; have been or are at risk of being abused or neglected; have serious emotional, mental, or behavioral disturbances; reside in placements outside of their homes; or are involved in the juvenile justice system. Low-income communities are defined as those communities in which there is a high concentration of children eligible to be counted under Chapter 1 of Title I of the Elementary and Secondary Act of 1965.

Federal Perkins Loan Cancellation Conditions†

CANCELLATION CRITERIA	Federal Perkins/ National Direct Loans Made on or after 07/23/92	Federal Perkins Loans Made Prior to 07/23/92	National Direct Loan Made Prior to 07/23/92	National Defense Loan
Total and permanent disability or death of borrower	100%	100%	100%	100%
Full-time employment in a Head Start Program [1]	100%	100%	100%	100%
Full-time law enforcement or correction officer [2]	100%	100% [3]	100% [3]	100%
Full-time teaching in low-income school eligible for funding under Chapter 1 of the Education Consolidation and Improvement Act of 1981 [2/5]	100%	100%	100%	100% [6]
Full-time special education teacher, including teacher of infants, toddlers, children, or youth with disabilities [4/7]	100%	100%	100%	100%
Provider of early intervention services in a public or nonprofit program under public supervision [2/8]	100%	100%	100%	100%
Full-time teacher of handicapped services in a public or nonprofit elementary/secondary school	N/A	100% [4]	100% [4]	100% [6]
Full-time teacher of mathematics, science, foreign languages, bilingual education, or any field of expertise determined by the state education agency to have a shortage of qualified teachers [4]	100%	100%	100%	100%
Provider or supervisor of provision of services to high-risk children from low-income communities and their families [2/9]	100%	100%	100%	100%
Nurse or medical technician providing health care service [4]	100%	100%	100%	100%
Peace Corps or ACTION Program volunteer [10]	70% - Perkins	70%	70%	70%
Service in U.S. Armed Forces	50% [11]	50% [11]	50% [11]	50% [12]
Full-time teaching in public/nonprofit elementary/secondary school, institution of higher education or overseas U.S. Department of Defense elementary/secondary school	N/A	N/A	N/A	50% [13]
Bankruptcy [14]	in some cases	in some cases	in some cases	in some cases

†Notes follow on the next page.

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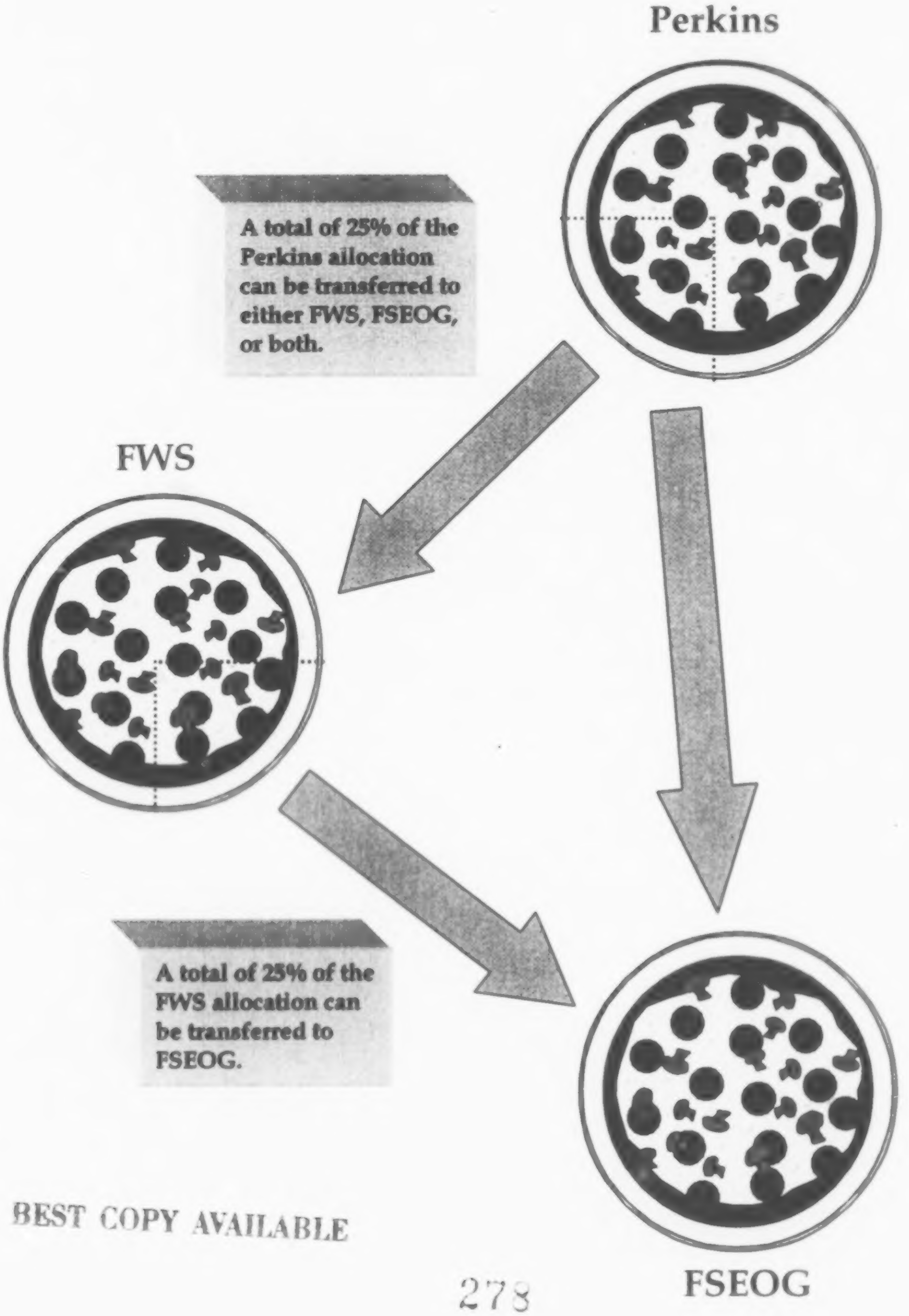
Federal Perkins Loan Cancellation Conditions

This chart is to be used for reference only. Refer to Part E of the Higher Education Act and 34 CFR Part 674, Subpart D, (which the chart and provisions summarize) if you have any questions about a particular borrower's eligibility.

1. Cancellation rate is 15% per year.
2. Cancellation rate is 15% per year for first and second years; 20% per year for third and fourth years; and 30% for fifth year.
3. Applies only to loans made on or after 11/29/90.
4. Cancellation rate is 15% per academic year for first and second years, 20% per academic year for third and fourth years; and 30% for fifth academic year.
5. If borrower teaches at a school that does not qualify as a low-income school in a subsequent year, the borrower remains eligible for loan cancellation as long as the borrower continues to teach full-time at the school.
6. Cancellation rate is 15% per academic year.
7. Infants, toddlers, children, and youth with disabilities are defined in Section 602(a)(1) and 672(1) of the Individuals with Disabilities Education Act.
8. A qualified professional provider of early intervention services is defined in Section 672(2) of the Individuals with Disabilities Education Act.
9. Must be employed in public or nonprofit child or family services agency. High-risk children are defined as individuals under the age of 21 who: are low-income; have been or are at risk of being abused or neglected; have serious emotional, mental, or behavioral disturbances; reside in placements outside of their homes; or are involved in the juvenile justice system. Low-income communities are defined as those communities in which there is a high concentration of children eligible to be counted under Chapter 1 of the Elementary and Secondary Education Act of 1965.
10. Cancellation applies only to Federal Perkins Loans; it does not apply to National Direct Student Loans. Cancellation rate is 15% per year for first and second years; 20% per year for third and fourth years.
11. Military service must be in an area that qualifies for hazardous-duty pay. Cancellation rate is 12.5% per year of qualifying service.
12. Cancellation rate is 12.5% per year of consecutive service.
13. Cancellation rate is 10% per academic year.
14. Loan is cancelled only if collection is discharged by a bankruptcy court. If the loan is not ultimately discharged in bankruptcy, it again becomes the borrower's obligation.

What are the rules for transferring campus-based funds?



A total of 25% of the Perkins allocation can be transferred to either FWS, FSEOG, or both.

A total of 25% of the FWS allocation can be transferred to FSEOG.

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Checkpoint #3 – Transferring Funds

Sal's School of Pizza Design is allocated $200,000 for the Perkins program, $100,000 for the FWS program, and $50,000 for FSEOG.

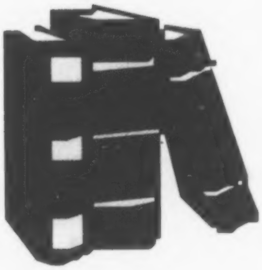
Sal's FAA decides to transfer the maximum allowable into FSEOG from the other programs.

1) What will remain of the Perkins allocation? ________________

2) What will remain of the FWS allocation? ______________

3) What will be the new FSEOG amount? _______________

4) If the FAA wanted to, how much could he transfer from FSEOG into one of the other programs? ____________________



Resources

- ★ *Federal Student Financial Aid Handbook: Campus-Based Programs Reference*
- ★ 34 CFR 673-676
- ★ Dear Colleague Letter CB-98-2 (1998-99 Electronic FISAP)
- ★ Dear Colleague Letter CB-98-6 (Family Literacy Programs)
- ★ Dear Colleague Letter CB-96-8 (Sample Promissory Notes)

Answer Key

Checkpoint #1: FSEOG Matching

1) $100,000 2) $ 25,000

Checkpoint #2: Community Service

Scenario A: $30,000 Scenario B: $13,000

Case Study

1) The ACA is actually **$40,000** (5% of the $800,000)
2) Awarding exactly 5% of the federal allocation for community service jobs may not be sufficient, since students may turn down the jobs. Remember, the school must *expend* 5%, so they should **award more than 5%.**
3) The wage of the job is below federal minimum wage of **$5.15**.
4) The program described **does not count as a community service program** because it is not open to the entire community, only school employees and their children. It does, however, still count as a reading tutor program for the America Reads Challenge, and therefore requires no nonfederal match.

Checkpoint #3: Transferring Funds

1) $150,000 2) $75,000 3) $125,000 4) $0

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Session 12

Loans, Loans, Loans

Questions we will answer during this session:

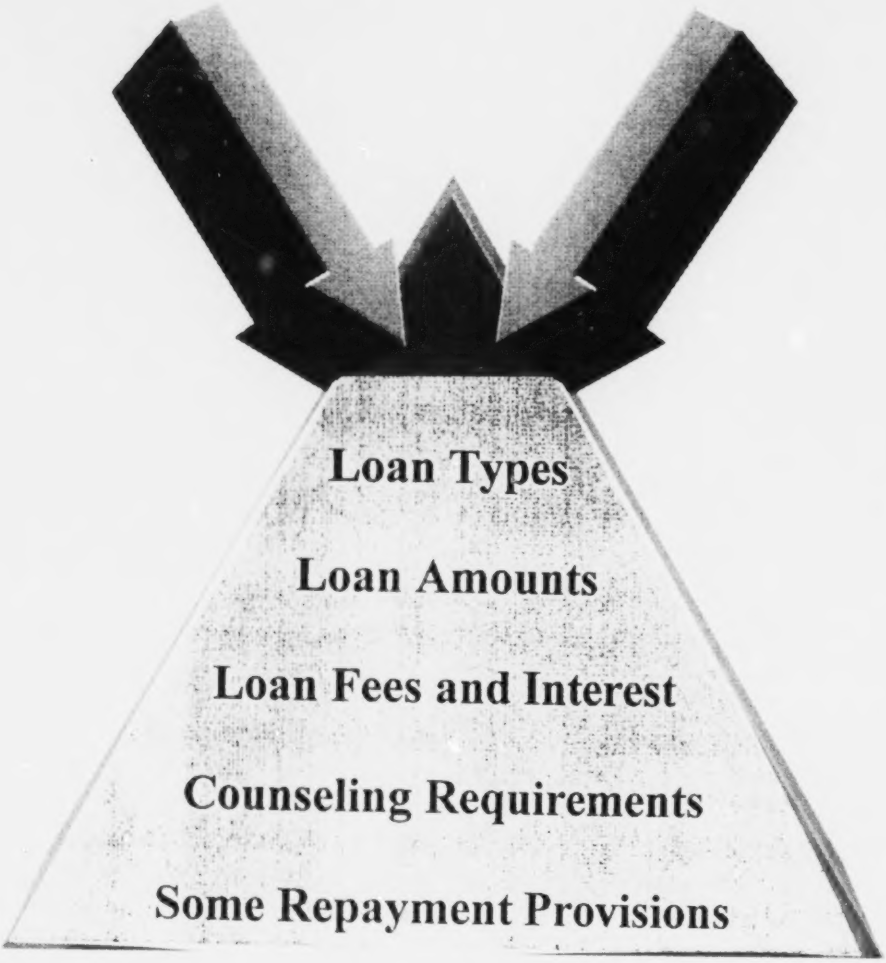
What are the similarities between Direct Loans and Federal Family Education Loans (FFELs)?

How much can the student borrow?

What are the differences between the two programs?

What is the role of the school in processing Direct Loans and FFELs?

What are the similarities between Direct Loans and FFELs ?



Direct Loans

Federal Family Education Loans

Loan Types

Loan Amounts

Loan Fees and Interest

Counseling Requirements

Some Repayment Provisions

LOAN LIMITS: DIRECT AND FFEL

BASE - SUBSIDIZED & UNSUBSIDIZED

STUDENT YEAR	ANNUAL	CUMULATIVE
1st-year undergrad.	$2,625	
2nd-year undergrad.	$3,500	
3rd, 4th, 5th-year undergrad.	$5,500	$23,000
graduate student	$8,500	$65,500 (includes undergrad. & graduate total)

ADDITIONAL - UNSUBSIDIZED ONLY

STUDENT YEAR	ANNUAL	CUMULATIVE
1st-year undergrad.	$4,000	
2nd-year undergrad.	$4,000	
3rd, 4th, 5th-year undergrad.	$5,000	$23,000 - dep. (sub. + unsub.) $46,000 - ind. (sub. + unsub.)
graduate student	$10,000	$138,500 (includes undergrad. & graduate sub. and unsub. total)

Base Amounts

Subsidized Base Amount:

COA – EFC – EFA = Loan Amount

Remember, consider loan limits here!

Unsubsidized Base Amount:

COA – EFA (include base amount) = Unsub. Base Amount

Practice - Base Amounts

Tonya is a dependent, second-year student. She has a COA of $5,530. Her EFC is 1,750. The only financial aid she is scheduled to receive so far is a $1,250 Pell Grant. Calculate Tonya's subsidized and unsubsidized base loan amounts.

Subsidized

__________ - __________ - __________ = __________
(COA) (EFC) (EFA) (Base)

Unsubsidized

__________ - __________ = ______________
(COA) (EFA) (Initial amount)

Because of loan limits, though, Tonya is actually eligible for $________ in unsubsidized loans.

Loan Equations

Additional Amounts

COA – EFA (including base amount) = Additional Amount

This amount is unsubsidized!

Practice - Additional Amount

Tonya's parents try to borrow a PLUS loan, but are denied because of adverse credit. Now Tonya is eligible for additional unsubsidized funds.

Remember, Tonya's COA is $5,530. She is already slated to receive a loan of $3,500, along with her Pell Grant of $1,250.

__________ - __________ = ________________

(COA) **(EFA)** **(Additional Amount)**

Remember, this can't exceed the additional loan limit of $4,000.

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Proration

What is loan proration?

- reduction of a student's loan maximum

When must you prorate?

- student's entire program is less than one academic year
  - example: 600 clock-hour program

- student's program is greater than 1 academic year, but *final period of study* is less than 1 academic year
  - example:
    1350 clock-hour, 45-week program
    900 clock-hour, 30-week academic year
    Year 1: 900 clock hours; no proration
    Year 2: 450 clock hours; PRORATION REQUIRED
  - example:
    3.5 year program, 2 terms per year
    Years 1-3: no proration
    Year 4: 1 term remaining, PRORATION REQUIRED

- final period of study is measured in terms for term-based schools, and hours or weeks for nonterm schools

Checkpoint #1 – When to Prorate

Michael is enrolled in a computer training program that is 600 clock hours and 15 weeks long. The academic year at his school is 900 clock hours and 30 weeks.

Is proration required for Michael?

Why or why not?

Charlene is beginning her second year of a two-year program. Her school measures progress in 15-week terms, with an academic year of 30 weeks. Because Charlene took classes in the summer at the end of her first year, she only has 18 credits remaining for her program. She decides to take all 18 credits the first semester of the second year, completing the program in December.

Is proration required for Charlene?

Why or why not?

Charlene changes her mind, and decides to take 6 credits in the fall semester of her second year, and 12 credits in the spring semester.

Is proration required in this case?

Why or why not?

How do you prorate?

$$\textbf{Annual Loan Limit} \times \frac{\textbf{\# of credit/clock hours in remainder of program}}{\textbf{\# of credit/clock hours in academic year*}}$$

***minimum 900 clock hours, 24 or 36 credit hours**

Practice – Proration

Michael's program:	600 clock hours
Michael's loan limit:	$2,625

What is his prorated loan limit?

Charlene's program:	18 credit hours remaining
Charlene's loan limit:	$3,500

What is her prorated loan limit?

Direct Loan Program and FFEL Program Interest-Rate Provisions as of 1998

	Subsidized and Unsubsidized Loans	PLUS Loans
Interest Rate	Variable rate; maximum annual rate **8.25%**	Variable rate; max. annual rate **9%**
Interest Rate Formula	***For loans first disbursed on or after 07/01/94 through 06/30/95:*** • **91-day** Treasury bills plus 3.1% ***For loans first disbursed on or after 07/01/95 through 06/30/98:*** • **In-school, grace, or deferment:** **91-day** Treasury bills plus 2.5% • **In repayment:** **91-day** Treasury plus 3.1% ***For loans first disbursed on or after 10/01/98 through 06/30/2003:*** • **In-school, grace, or deferment:** 91-day Treasury bills plus 1.7% • **In repayment:** 91-day Treasury plus 2.3%	***For loans first disbursed on or after 07/01/94 through 06/30/98:*** • **52-week** Treasury bills plus 3.1% ***For loans first disbursed on or after 10/01/98 through 06/30/2003:*** • **91-day** Treasury bills plus 3.1%

Grace Periods for Direct Loan Program and FFEL Program

Federal (Subsidized) Stafford Loan[1] and Direct Subsidized Loan[1]	Federal Unsubsidized Loan[2] and Direct Unsubsidized Loan	Federal PLUS Loan and SLS[2,3] and Direct PLUS Loan
6 months for all loans for periods of enrollment 01/01/81 and after.[5] 9-12 months for all loans for periods of enrollment before 01/01/81.	6 months on repaying principal. Interest may be paid or accrued and capitalized during in-school and grace periods.[4]	None. The repayment period begins on the date the loan is fully disbursed. Interest begins to accrue on the date of the loan's first disbursement. For Federal PLUS Loans on or after 07/01/93, repayment may be deferred while the students for whom the funds are borrowed are enrolled at least half time. Interest may be capitalized.

[1] If the grace period has not already been used, the loan's grace period begins on the date the student ceases to be enrolled at least half time.

[2] Also applied to Federal SLS loans, which were discontinued 07/01/94.

[3] Combined Federal SLS/federal sub/unsub borrowers have the option to defer Federal SLS repayment for up to 6 months after at least half-time enrollment ceases. This provision applies only when the borrower's loans have not entered repayment.

[4] Paying accrued interest is postponed by adding it to the loan principal as the interest comes due. (This is called "capitalization.")

[5] Not all loans made after 1/1/81 have a 6-month grace period. If a student received a 7% loan prior to 1/1/81 with a 9-12 month grace period, the student continued to receive the 7% interest rate and the 9-12 month grace period on subsequent loans up until 7/1/94. Beginning 7/1/94 all loans had variable interest rates and a 6-month grace period.

Cancellation and Loan Forgiveness

Borrower	Direct and FFEL Loans
Loan Cancellation	• death of borrower • death of student on whose behalf a parent borrowed a PLUS Loan • permanent and total disability of borrower • discharge of loan in bankruptcy
Loan Forgiveness	• students unable to complete their programs of study because their schools closed[1] • students whose schools falsely certified their loans • some teaching and childcare provider provisions[2]

[1] These students are only eligible for forgiveness if their schools do not provide them with an alternate way to complete their program. This may include attendance at another nearby school that has an agreement in place with the closing school.

[2] For students without any outstanding Title IV loan balance (Stafford or Perkins) on 10/01/98.

Teachers must not be in default, and must have been employed as a full-time teacher for 5 consecutive years at a school that qualifies for a Perkins Loan cancellation. Secondary teachers must be teaching in a subject area relevant to their academic major. The amount to be forgiven can't exceed $5,000 of the aggregate amount that is outstanding after the 5th year of teaching.

To benefit, *childcare providers* must have received a degree in early childhood education, and have been employed full-time for 2 consecutive years providing child care services in a facility located in a low-income community (70% of he households earn less than 85% of the State median household income). Provides that 20% of eligible loans be cancelled after completion of the 2nd and 3rd years of service, and 30% after completion of 4th and 5th years of service.

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Entrance/Exit Loan Counseling For Direct Loans and FFEL Programs Loans

HOW to cover:

ENTRANCE COUNSELING

In-person presentation or by videotape or by computer-assisted technology. Individual with Title IV expertise must be available to answer borrower questions

Written counseling materials permissible for students enrolled in correspondence or study-abroad programs

OR

"Alternative Entrance Counseling Approach" for Direct Loan borrowers only:

- Written counseling material provided to first-time Direct Loan borrowers
- Counseling efforts targeted to certain groups of borrowers
- Entrance-counseling plan must be part of school's quality assurance plan

EXIT COUNSELING

In-person presentation

Written counseling materials:

- Mandatory for students who have withdrawn without notifying the school or have failed to attend scheduled exit counseling
- Permissible for students enrolled in correspondence study or study-abroad program

WHEN to cover:

ENTRANCE COUNSELING

Prior to delivery of the first disbursement of the first Stafford Loan a borrower will receive at your school

EXIT COUNSELING

Shortly before any borrower ceases at least half-time enrollment or (by mail) within 30 days:

- After learning that the student has withdrawn without the notifying school
- After the student has failed to attend scheduled exit counseling
- After student completed correspondence program or study-abroad program

WHAT to cover:

REQUIRED CORE ITEMS

ENTRANCE COUNSELING

Emphasize seriousness and importance of repayment

Emphasize consequences of default, including adverse credit reports, garnishment of wages, and litigation

Emphasize obligation to repay full amount of loan, regardless of borrower's ability to gain employment after leaving school or dissatisfaction with the program

For Direct Loans, provide data on average indebtedness and average monthly repayment of students who obtained loans at that school or in borrower's program of study

EXIT COUNSELING

Provide name and address of the borrower's lender(s)

Inform student of average monthly repayment amount based on student's indebtedness

Review available repayment options & obligations

Provide borrower with debt-management strategies that would facilitate repayment

Explain how to contact the party servicing the student's loan

Emphasize seriousness and importance of repayment

Emphasize consequences of default, including adverse credit reports, garnishment of wages, and litigation

Review deferment, forbearance, and cancellation conditions

Require borrower to provide corrections to school's records concerning name, address, Social Security number, references, driver's license number with state where it was issued, and name and address of expected employer

What are the differences between the programs

	Direct Loans	Federal Family Education Loans
Source of funds	U.S. Department of Education	Private lenders
Application Process	FAFSA alone	FAFSA and FFEL application (through 1999-2000 only)
Disbursement Process	Schools receive funds from ED, and *disburse* to students	Lenders *disburse* to schools, and schools *deliver* to students
Repayment Process	Standard Extended Graduated Income-contingent	Standard Extended Graduated Income-sensitive

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Examples of Typical Beginning Payments for FFEL Repayment Plans[1]
Monthly and Total Payments Under Different Repayment Plans

Total Debt When Borrower Enters Repayment	Standard[2]		Graduated[3]		Income-sensitive[4] (Income=$25,000)	
	Per Month	Total Payment	Per Month	Total Payment	Per Month	Total Payment
$2,500	$50	$3,074	$30	$3,695	$83	$2,802
5,000	61	7,359	34	8,006	83	6,335
7,500	92	11,039	52	12,009	83	12,049
10,000	123	14,718	69	16,012	83	17,783
15,000	184	22,078	103	24,018	103	28,265

[1] Note: Payments are calculated using the maximum interest rate of 8.25% for student borrowers.

[2] Equal and fixed monthly payments ($50 minimum).

[3] Interest payments are for the first 48 months ($30 minimum); equal and fixed payment for the last 72 months.

[4] Assumes a 5% annual income growth (Census Bureau). Payment equals greater of 4% of income or interest only. If payment amount is less than under the Standard Repayment Plan amount in the year, the term is extended by one year. The maximum number of extensions is five. That is, the maximum term is 15 years, the last 10 of which would be under the Standard Repayment Plan (equal and fixed).

Examples of Typical Beginning Payments for Direct Loan Repayment Plans[1]
Monthly and Total Payments Under Different Repayment Plans

Total Debt When Borrower Enters Repayment	Standard[2]		Extended		Graduated		Income Contingent[1] (Income=$25,000) Single		Married/HOH[4]	
	Per Month	Total Payment	Per Month	Total Payment	Per Month	Total Payment	Per Month	Total Payment	Per Month	Total Payment
$2,500	$50	$3,074	$50	$3,074	$25	$4,029	$23	$4,512	$22	$4,662
5,000	61	7,359	55	7,893	35	8,646	45	9,023	43	9,325
7,500	92	11,039	82	11,840	53	12,970	68	13,535	65	13,987
10,000	123	14,718	97	17,462	69	19,175	91	18,046	86	18,650
15,000	184	22,078	146	26,194	103	28,762	136	27,070	129	27,974

[1] Note: Payments are calculated using the maximum interest rate of 8.25% for student borrowers.

[2] Equal and fixed monthly payments ($50 minimum).

[3] Assumes a 5% annual income growth (Census Bureau).

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[4] HOH is Head of Household. Assumes a family size of two.

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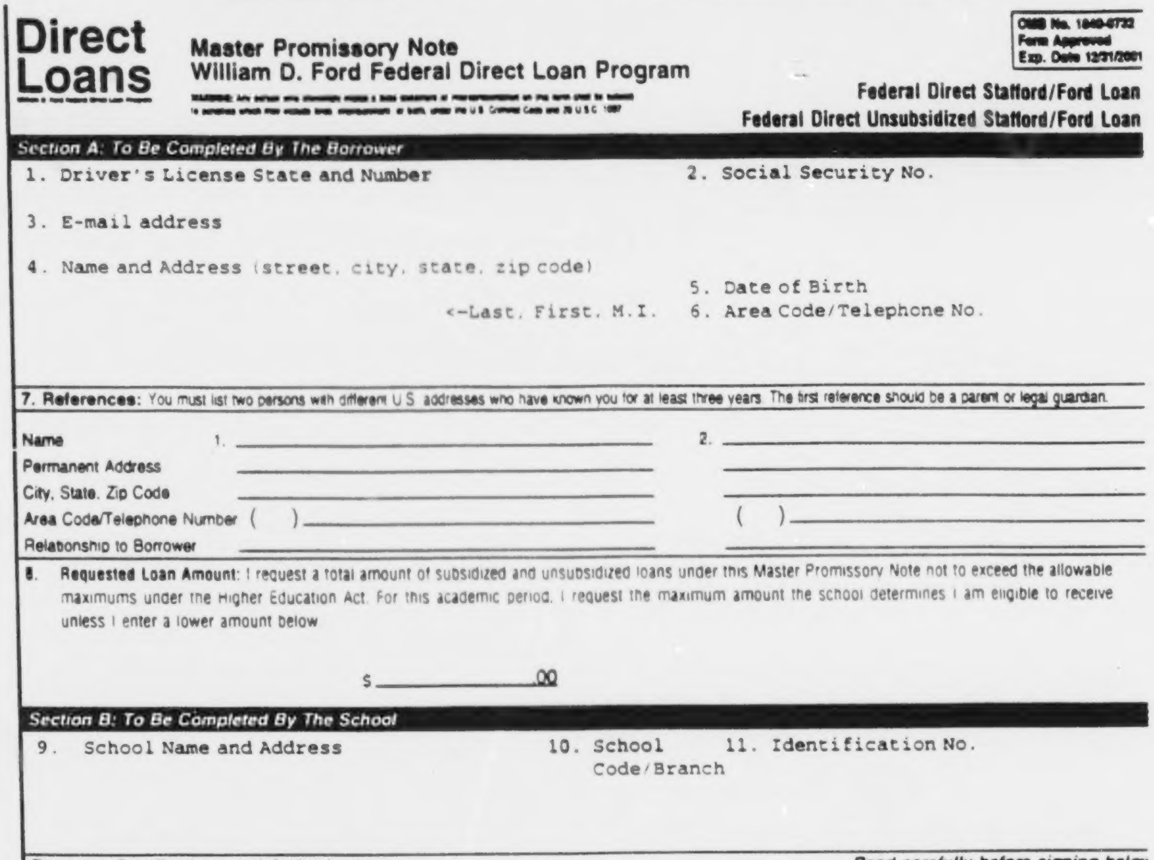
What is the school's role in the processing of Direct Loans and Federal Family Education Loans?



Direct Loans

Master Promissory Note
William D. Ford Federal Direct Loan Program

OMB No. 1840-0732
Form Approved
Exp. Date 12/31/2001

Federal Direct Stafford/Ford Loan
Federal Direct Unsubsidized Stafford/Ford Loan

Section A: To Be Completed By The Borrower

1. Driver's License State and Number
2. Social Security No.
3. E-mail address
4. Name and Address (street, city, state, zip code)
<-Last, First, M.I.
5. Date of Birth
6. Area Code/Telephone No.

7. References: You must list two persons with different U.S. addresses who have known you for at least three years. The first reference should be a parent or legal guardian.

Name	1. ______	2. ______
Permanent Address	______	______
City, State, Zip Code	______	______
Area Code/Telephone Number	( ) ______	( ) ______
Relationship to Borrower	______	______

8. **Requested Loan Amount:** I request a total amount of subsidized and unsubsidized loans under this Master Promissory Note not to exceed the allowable maximums under the Higher Education Act. For this academic period, I request the maximum amount the school determines I am eligible to receive unless I enter a lower amount below.

$ ______.00

Section B: To Be Completed By The School

9. School Name and Address
10. School Code/Branch
11. Identification No.

Borrower Certifications and Authorizations ***Read carefully before signing below***

12. I declare under penalty of perjury that the following is true and correct:

- I certify that the information I have provided on this Master Promissory Note and as updated by me from time to time is true, complete and correct to the best of my knowledge and belief and is made in good faith.
- I certify that I will immediately repay any loan proceeds that cannot be attributed to educational expenses for attendance on at least a half-time basis at the school that certified my loan eligibility.
- I certify that I do not now owe a refund on a Federal Pell Grant, Supplemental Educational Opportunity Grant, or a State Student Incentive Grant and that I am not now in default on any loan received under the Federal Perkins Loan Program (including NDSL loans), the Federal Direct Loan Program (Direct Loans), or the Federal Family Education Loan Program (FFELP) or, I have made satisfactory repayment arrangements on the defaulted loan.

13. For all Direct Subsidized and Direct Unsubsidized Loans (as described in the additional Note provisions and the Borrower's Rights and Responsibilities statement) I receive under this Master Promissory Note, and for certain other loans as described below, I make the following authorizations:

- I authorize my school to certify my eligibility for loans under this Master Promissory Note.
- I authorize my school to credit my loan proceeds to my student account.
- I authorize my school to pay to the U.S. Department of Education (ED) any refund that may be due up to the full amount of the loans.
- I authorize ED to investigate my credit record and report information concerning my loan status to persons and organizations permitted by law to receive such information.
- Unless I notify ED differently, I request and authorize ED to: (i) during the in-school and grace periods of any loans made under this Note, defer and align the repayment of principal on all of my Direct Loans that are in repayment status; and (ii) add interest which I must pay that accrues on all my Direct Loans to the principal balance of such loans ("capitalization") including such loans made under this Note during periods of forbearance and, for unsubsidized loans, during in-school, grace, and deferment periods, as provided under the Act. "Capitalization" will increase the principal balance on my loans and the total amount of interest cost I incur.
- I authorize the release of information pertinent to my loans: (i) by the school and ED, to the references on the applicable loans and to members of my immediate family unless I submit written directions otherwise; and, (ii) by and among my schools, lenders, guarantors, the U.S. Department of Education, and their agents.

Promise to Pay

14. I promise to pay to the U.S. Department of Education all sums disbursed (hereafter "loan" or "loans") under the terms of this Master Promissory Note (hereafter "Note"), plus interest and other charges and fees that may become due as provided in this Note. **I understand that multiple loans may be made to me under this Note.** I understand that by accepting any disbursements issued at any time under this Note, I accept the obligation to repay the loans. I understand I may cancel or reduce the amount of any loan by refusing to accept or by returning all or a portion of any disbursement that is issued. I may pay interest that accrues on my Federal Direct Unsubsidized Stafford/Ford Loans during in-school, grace, and deferment periods, or may allow it to accumulate and be added to the principal balance of such loans. If I fail to make any payment on any loan made under this Note when due, I will also pay reasonable collection costs, including but not limited to attorney's fees, court costs and other fees. I will not sign this Note before reading it, including the writing on the reverse side, even if otherwise advised. I am entitled to an exact copy of this Note and the Borrower's Rights and Responsibilities statement. My signature certifies I have read, understand, and agree to the terms and conditions of this Note, including th Borrower Certifications and Authorizations printed above, the Notice on the reverse side, and the accompanying Borrower's Rights and Responsibilities statement.

I UNDERSTAND THAT I MAY RECEIVE ONE OR MORE LOANS UNDER THIS MASTER PROMISSORY NOTE, AND THAT I MUST REPAY SUCH LOAN(S)

15. Borrower's Signature ______ **16. Today's Date *(Month/Day/Year)*** ______

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Application and Promissory Note for Federal Stafford Loans *(subsidized and unsubsidized)*

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form is subject to penalties which may include fines or imprisonment under the United States Criminal Code and 20 U.S.C. 1097.

Guarantor or Program Identification

Borrower Section

Please print neatly or type. Read the instructions carefully.

1. Last Name	First Name	MI	2. Social Security Number
3. Permanent Street Address (If P.O. Box, see instructions.)		4. Telephone Number ( )	5. Loan Period (Month/Year) From: To:
City	State	Zip Code	6. Driver's License Number (List state abbreviation first.)
7. Lender Name City	State	Zip Code	8. Lender Code, if known · 9. Date of Birth (Month/Day/Year)

10. **References:** You must provide two separate references with different U.S. addresses. The first reference should be a parent or legal guardian (if living). Both references must be completed fully.

	1.	2.
Name	____________	____________
Permanent Address	____________	____________
City, State, Zip Code	____________	____________
Area Code/Telephone	( ) ____________	( ) ____________
Relationship to Borrower	____________	____________

Loan Assistance Requested

11. I request the following loan type(s), to the extent I am eligible (see instructions): ☐ a. Subsidized Federal Stafford ☐ b. Unsubsidized Federal Stafford

12. I request a total amount under these loan types not to exceed (see instructions for loan maximums): My school will certify my eligibility for each loan type for which I am applying. The amount and other details of my loan(s) will be described to me in a disclosure statement. $ .00

13. If I check yes, I am requesting postponement (deferment) of repayment for my Stafford and prior SLS loan(s) during the in-school and grace periods. If I check no, I do not want to defer repayment. ☐ a. Yes, I want a deferment ☐ b. No, I do not want a deferment

14. If I check yes, I am requesting that the lender add the interest on my unsubsidized Stafford and prior SLS loan(s) which accrues during the in-school and deferment periods to my loan principal (capitalization). If I check no, I prefer to pay the interest. ☐ a. Yes, I want my interest capitalized ☐ b. No, I prefer to pay the interest

15. If my school participates in electronic funds transfer (EFT), I authorize the school to transfer the loan proceeds received by EFT to my student account. ☐ a. Yes, transfer funds ☐ b. No, do not transfer funds

Promissory Note

Continued on the reverse side.

Promise to Pay: I promise to pay to the lender, or a subsequent holder of this Promissory Note, all sums disbursed (hereafter "loan" or "loans") under the terms of this Note, plus interest and other fees which may become due as provided in this Note. If I fail to make payments on this Note when due, I will also pay reasonable collection costs, including attorney's fees, court costs, and collection fees. I understand I may cancel or reduce the size of any loan by refusing to accept any disbursement that is issued. I understand that this is a Promissory Note. I will not sign this Note before reading it, including the writing on the reverse side, even if otherwise advised. I am entitled to an exact copy of this Promissory Note and the Borrower's Rights and Responsibilities. My signature certifies I have read, understand, and agree to the terms and conditions of this Application and Promissory Note, including the Borrower Certification and Authorization printed on the reverse side and the accompanying Borrower's Rights and Responsibilities statement.

THIS IS A LOAN(S) THAT MUST BE REPAID.

16. Borrower's Signature ______________________ Today's Date *(Month/Day/Year)* ____________

School Section

To be completed by an authorized school official.

17. School Name	23. School Code/Branch	28. Telephone Number ( )
18. Street Address	24. Cost of Attendance $ .00	29. Recommended Disbursement Date(s) (Month/Day/Year) 1st 2nd
City State Zip Code	25. Federal Expected Family Contribution $ .00	3rd 4th
19. Loan Period (Month/Day/Year) From: To:	26. Estimated Financial Aid $ .00	30. School Certification (See box on the reverse side.)
20. Grade Level	27. Certified Loan Amounts	Signature of Authorized School Official
21. Enrollment Status (Check one.) ☐ Full Time ☐ At Least Half Time	a. Subsidized $ .00 b. Unsubsidized $ .00	Print or Type Name and Title
22. Anticipated Completion (Graduation) Date (Month/Day/Year)		Date Check box if electronically transmitted to guarantor: ☐

Lender Section

To be completed by an authorized lending official.

31. Lender Name	32. Lender Code/Branch	33. Telephone Number ( )	34. Lender Use Only
Street Address	35. Amount(s) Approved a. Subsidized $ .00	b. Unsubsidized $ .00	
City State Zip Code	36. Signature of Authorized Lending Official	Print or Type Name, Title, and Date	

Federal Family Education Loan Program (FFELP)

Federal Stafford Loan Master Promissory Note

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form is subject to penalties which may include fines or imprisonment under the United States Criminal Code and 20 U.S.C. 1097

Guarantor, Program, or Lender Identification

Borrower Information

Please print neatly or type. Read the instructions carefully.

1. Last Name First Name MI
2. Social Security Number
3. Permanent Street Address (If P.O. Box, see instructions.)
City State Zip Code
4. Home Telephone Number ( )
5. Date of Birth (Month/Day/Year)
6. Driver's License State and Number State #
7. E-mail Address (Optional)
8. Lender Name City State Zip Code
9. Lender Code, if known

10. References: You must provide two separate references with different U.S. addresses. The first reference should be a parent (if living) or legal guardian. Both references must be completed in full.

	A.	B.
Name	______	______
Permanent Address	______	______
City, State, Zip Code	______	______
Area Code/Telephone	( ) ______	( ) ______
Relationship to Borrower	______	______

11. Requested Loan Amount: I request a total amount of subsidized and unsubsidized loans under this Master Promissory Note not to exceed the allowable maximums under the Higher Education Act. For this academic period, I request the maximum amount the school determines I am eligible to receive unless I enter a lower amount below.

$ ______ .00

12. Interest Payments (Optional):

☐ I want to pay unsubsidized interest while I am in school.

Borrower Certifications and Authorizations

Read carefully before signing below.

13. I declare under penalty of perjury that the following is true and correct:

A. I certify that the information I have provided on this Master Promissory Note and as updated by me from time to time is true, complete, and correct to the best of my knowledge and belief and is made in good faith.

B. I certify that I will immediately repay any loan proceeds that cannot be attributed to educational expenses for attendance on at least a half-time basis at the school that certified my loan eligibility.

C. I certify that I do not now owe a refund on a Federal Pell Grant, Supplemental Educational Opportunity Grant, or a State Student Incentive Grant and that I am not now in default on any loan received under the Federal Perkins Loan Program (including NDSL loans), the Federal Direct Loan Program, or the Federal Family Education Loan Program ("FFELP" as defined in the Borrower's Rights and Responsibilities statement), or I have made satisfactory payment arrangements on the defaulted loans.

14. For all subsidized and unsubsidized Federal Stafford Loans (as described in the additional Note provisions and the Rights and Responsibilities statement) I receive under this Master Promissory Note, and for certain other loans as described below, I make the following authorizations:

A. I authorize my school to certify my eligibility for loans under this Master Promissory Note.

B. I authorize my school to transfer loan proceeds received by electronic funds transfer (EFT) or master check to my student account.

C. I authorize my school to pay to the lender any refund that may be due up to the full amount of the loans.

D. I authorize the lender, the guarantor, or their agents, to investigate my credit record and report information concerning my loan status to persons and organizations permitted by law to receive such information.

E. I request and authorize my lender to: **(i)** during the in-school and grace periods of any loans made under this Note, defer and align the repayment of principal on all of my FFELP loans that are in repayment status; and **(ii)** add unpaid interest that accrues on all my FFELP loans to the principal balance of such loans ("capitalization") including such loans made under this Note, during forbearance periods, and for unsubsidized loans, during in-school, grace, and deferment periods. "Capitalization" will increase the principal balance on my loans and the total amount of interest cost I incur.

F. I authorize the release of information pertinent to my loans: **(i)** by the school, the lender, and the guarantor, or their agents, to the references on the applicable loans and to members of my immediate family unless I submit written directions otherwise; and, **(ii)** by and among my schools, lenders, guarantors, the Department of Education, and their agents.

G. So that the loans requested can be approved, I authorize the Department of Education to send any information about me that is under its control, including information from the Free Application for Federal Student Aid, to the school, the lender and to state agencies and nonprofit organizations that administer financial aid programs under the FFELP.

Promise to Pay

In this Note, "lender" refers to, and this Note benefits, the original lender and its successors and assigns, including any subsequent holder of this Note.

15. I promise to pay to the order of the lender all sums disbursed (hereafter "loan" or "loans") under the terms of this Master Promissory Note (hereafter "Note"), plus interest and other fees that may become due as provided in this Note. **I understand that multiple loans may be made to me under this Note.** I understand that by accepting any disbursements issued at any time under this Note, I accept the obligation to repay the loans. I understand I may cancel or reduce the amount of any loan by refusing to accept or by returning all or a portion of any disbursement that is issued. Unless I make interest payments, interest that accrues on my unsubsidized loans during in-school, grace, and deferment periods will be added to the principal balance of such loans. If I fail to make any payment on any loan made under this Note when due, I will also pay reasonable collection costs, including but not limited to attorney's fees, court costs, and other fees. I will not sign this Note before reading the entire Note, even if otherwise advised. I am entitled to an exact copy of this Note and the Borrower's Rights and Responsibilities statement. My signature certifies I have read, understand, and agree to the terms and conditions of this Note, including the Borrower Certifications and Authorizations printed above, the Notice Applicable to Subsequent Loans Made Under This Note, and the Borrower's Rights and Responsibilities statement.

I UNDERSTAND THAT I MAY RECEIVE ONE OR MORE LOANS UNDER THIS MASTER PROMISSORY NOTE, AND THAT I MUST REPAY SUCH LOAN(S).

16. Borrower's Signature ______________________ 17. Today's Date *(Month/Day/Year)* ______

Additional Note provisions follow

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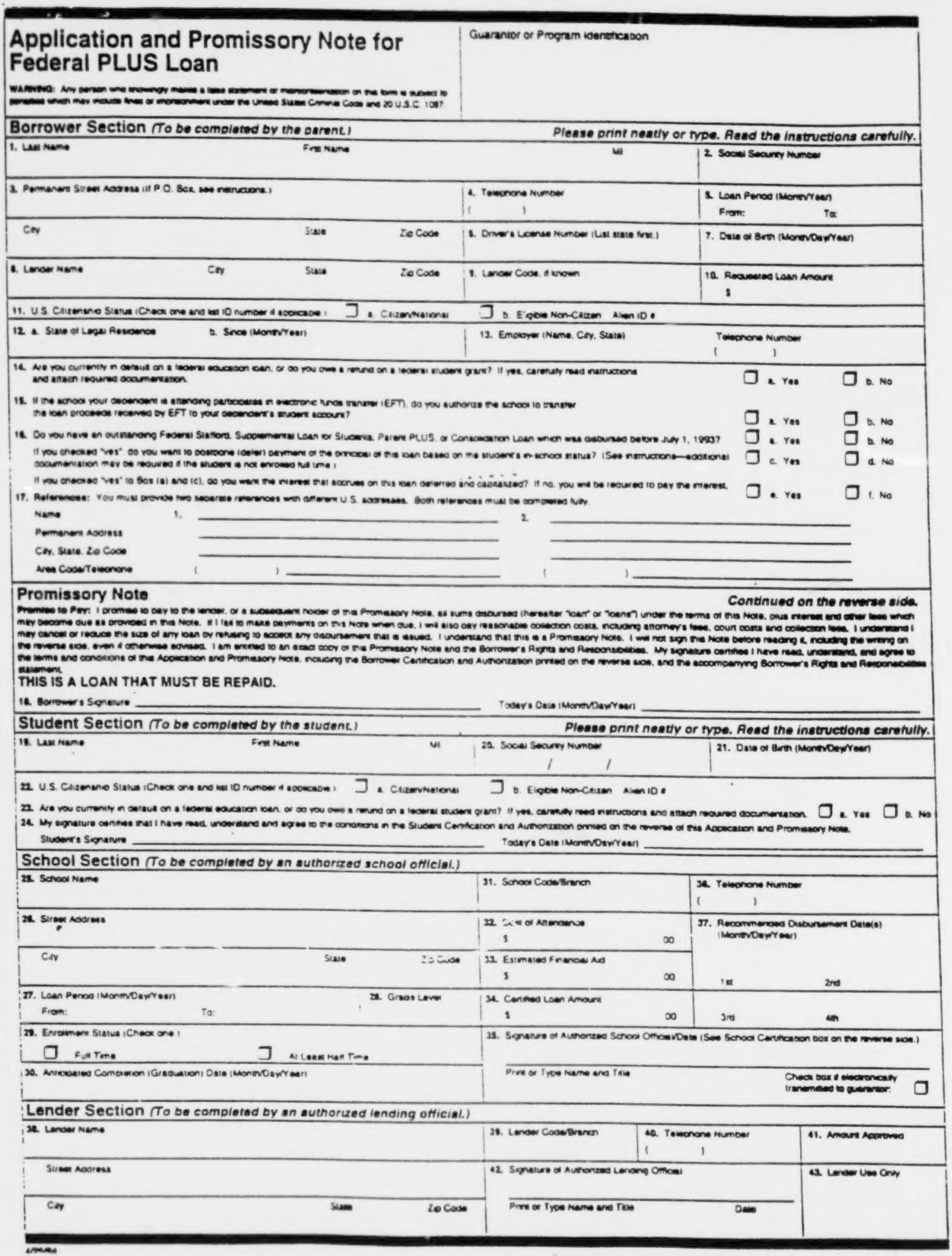

Application and Promissory Note for Federal PLUS Loan

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form is subject to penalties which may include fines or imprisonment under the United States Criminal Code and 20 U.S.C. 1097.

Guarantor or Program Identification

Borrower Section *(To be completed by the parent.)*

Please print neatly or type. Read the instructions carefully.

1. Last Name First Name MI		2. Social Security Number
3. Permanent Street Address (If P.O. Box, see instructions.)	4. Telephone Number ( )	5. Loan Period (Month/Year) From: To:
City State Zip Code	6. Driver's License Number (List state first.)	7. Date of Birth (Month/Day/Year)
8. Lender Name City State Zip Code	9. Lender Code, if known	10. Requested Loan Amount $

11. U.S. Citizenship Status (Check one and list ID number if applicable.) ☐ a. Citizen/National ☐ b. Eligible Non-Citizen Alien ID #

12. a. State of Legal Residence b. Since (Month/Year)

13. Employer (Name, City, State) Telephone Number ( )

14. Are you currently in default on a federal education loan, or do you owe a refund on a federal student grant? If yes, carefully read instructions and attach required documentation. ☐ a. Yes ☐ b. No

15. If the school your dependent is attending participates in electronic funds transfer (EFT), do you authorize the school to transfer the loan proceeds received by EFT to your dependent's student account? ☐ a. Yes ☐ b. No

16. Do you have an outstanding Federal Stafford, Supplemental Loan for Students, Parent PLUS, or Consolidation Loan which was disbursed before July 1, 1993? ☐ a. Yes ☐ b. No

If you checked "yes", do you want to postpone (defer) payment of the principal of this loan based on the student's in-school status? (See instructions—additional documentation may be required if the student is not enrolled full time.) ☐ c. Yes ☐ d. No

If you checked "yes" to Box (a) and (c), do you want the interest that accrues on this loan deferred and capitalized? If no, you will be required to pay the interest. ☐ e. Yes ☐ f. No

17. References: You must provide two separate references with different U.S. addresses. Both references must be completed fully.

Name 1. ____________ 2. ____________

Permanent Address ____________ ____________

City, State, Zip Code ____________ ____________

Area Code/Telephone ( ) ____________ ( ) ____________

Promissory Note

Continued on the reverse side.

Promise to Pay: I promise to pay to the lender, or a subsequent holder of this Promissory Note, all sums disbursed (hereafter "loan" or "loans") under the terms of this Note, plus interest and other fees which may become due as provided in this Note. If I fail to make payments on this Note when due, I will also pay reasonable collection costs, including attorney's fees, court costs and collection fees. I understand I may cancel or reduce the size of any loan by refusing to accept any disbursement that is issued. I understand that this is a Promissory Note. I will not sign this Note before reading it, including the writing on the reverse side, even if otherwise advised. I am entitled to an exact copy of this Promissory Note and the Borrower's Rights and Responsibilities. My signature certifies I have read, understand, and agree to the terms and conditions of this Application and Promissory Note, including the Borrower Certification and Authorization printed on the reverse side, and the accompanying Borrower's Rights and Responsibilities statement.

THIS IS A LOAN THAT MUST BE REPAID.

18. Borrower's Signature ____________ Today's Date (Month/Day/Year) ____________

Student Section *(To be completed by the student.)*

Please print neatly or type. Read the instructions carefully.

19. Last Name First Name MI	20. Social Security Number / /	21. Date of Birth (Month/Day/Year)

22. U.S. Citizenship Status (Check one and list ID number if applicable.) ☐ a. Citizen/National ☐ b. Eligible Non-Citizen Alien ID #

23. Are you currently in default on a federal education loan, or do you owe a refund on a federal student grant? If yes, carefully read instructions and attach required documentation. ☐ a. Yes ☐ b. No

24. My signature certifies that I have read, understand and agree to the conditions in the Student Certification and Authorization printed on the reverse of this Application and Promissory Note.

Student's Signature ____________ Today's Date (Month/Day/Year) ____________

School Section *(To be completed by an authorized school official.)*

25. School Name		31. School Code/Branch	36. Telephone Number ( )
26. Street Address		32. Cost of Attendance $ 00	37. Recommended Disbursement Date(s) (Month/Day/Year)
City State Zip Code		33. Estimated Financial Aid $ 00	1st 2nd
27. Loan Period (Month/Day/Year) From: To:	28. Grade Level	34. Certified Loan Amount $ 00	3rd 4th
29. Enrollment Status (Check one.) ☐ Full Time ☐ At Least Half Time		35. Signature of Authorized School Official/Date (See School Certification box on the reverse side.)	
30. Anticipated Completion (Graduation) Date (Month/Day/Year)		Print or Type Name and Title	Check box if electronically transmitted to guarantor: ☐

Lender Section *(To be completed by an authorized lending official.)*

38. Lender Name	39. Lender Code/Branch	40. Telephone Number ( )	41. Amount Approved
Street Address	42. Signature of Authorized Lending Official		43. Lender Use Only
City State Zip Code	Print or Type Name and Title Date		

[illegible]

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Final Exam - True or False?

1) Interest is covered during periods of deferment or forbearance for a subsidized loan. _____

2) The base amount can be either subsidized or unsubsidized, but the additional amount will only involve unsubsidized funds. _____

3) For term-based schools, proration is required if the remainder of a program is less than 30 weeks. _____

4) For nonterm schools, proration is required if the remainder of a program is less than an academic year in weeks or hours. _____

5) Interest does not accrue during the grace period of either an unsubsidized or a subsidized loan. _____

6) Any changes to student data a school discovers upon exit counseling should be reported to ED within 30 days. _____

7) Students wanting a Direct Loan or a FFEL must complete an application besides the FAFSA. _____

8) A school may choose to certify a student's application for less than the amount for which the student is eligible. _____

9) PLUS borrowers must always complete a FAFSA. _____

10) Once the loan is fully disbursed, PLUS repayments begin after a 6-month grace period. _____

Resources

★ *Federal Student Financial Aid Handbook: Direct Loan and FFEL Programs Reference*

★ 34 CFR 682 (FFEL) and 685 (Direct Loan)

★ 1999-00 Direct Loan School Guide

★ Dear Colleague Letter GEN-98-25
(FFEL Master Promissory Note)

Answer Key

Practice – Base Amount

Subsidized

$5,530 - 1,750 - $1,250 = $2,350 (sub. amount)

Unsubsidized

$5,530 - $3,780 = $1,750 (initial unsub. amount)

Because of loan limits, Tonya is actually eligible for $970.

Practice – Additional Amount

$5,530 - $4,750 = $780

Checkpoint #1

Michael: **Yes. His program is less than one academic year.**
Charlene: **Yes. She is attending less than one academic year.**
Charlene (alternate): **No. She is attending both terms in the year.**

Proration

Michael: $2,625 x 600/900 = **$1,750**
Charlene: $3,500 x 18/24 = **$2,625**

Answer Key (cont'd)

Final Exam

1) F
2) T
3) F
4) T
5) F
6) F
7) F
8) T
9) F
10) F

Session 13(a)

Refunds and Repayments: Definitions & Overview

Questions we will answer during this session:

What are refunds and repayments?

How do you handle Title IV credit balances and late disbursements?

What is the difference between institutional and noninstitutional charges?

How do you choose the correct refund calculation?

How quickly must you return the funds?

What are refunds and repayments?

A Common Scenario

Jennifer enrolls in a 900-clock-hour, 30-week Graphics Design program at Rose Community College (RCC). The school packages $5,000 in financial aid for Jennifer, including Pell, a subsidized FFEL, and a school scholarship. RCC divides the year into two 450-clock-hour payment periods.

At the start of the program, they disburse $2,500 to Jennifer to cover the first payment period. They credit her school account with $1,500 to cover tuition and fees, and disburse the remaining $1,000 in cash directly to Jennifer to cover living expenses.

Three weeks later, Jennifer informs RCC that she must withdraw from school because of personal problems. At this point, the school has "earned" three weeks worth of the $1,500 that they credited to Jennifer's school account when classes began. Jennifer has "earned" three weeks worth of the $1,000 she received to cover living expenses.

But, the school must return whatever they did not "earn" to the Title IV programs and the scholarship fund. **This return of funds used to cover institutional charges is called a REFUND. (These funds were originally credited to the student's school account.)**

Jennifer must return the amount she did not "earn" to the school. The school must then return this money to the programs as well. **This return of funds that were used to cover noninstitutional charges is called a REPAYMENT. (These funds were usually disbursed as cash directly to the student.)**

How do you handle Title IV credit balances & late disbursements?

Title IV Credit Balance

1) School determines percentage of noninstitutional charges student incurred while enrolled that were not covered by any other sources.

2) School disburses amount of credit balance needed to cover these charges.

3) School returns remaining credit balance to Title IV programs.

4) School includes disbursed credit balance as part of refund and repayment calculations.

Late Disbursement

1) School determines percentage of institutional charges the student incurred while enrolled that were not covered by any other sources.

2) School covers institutional charges by crediting late disbursement to student's school account.

3) School determines percentage of noninstitutional charges student incurred while enrolled that were not covered by any other sources.

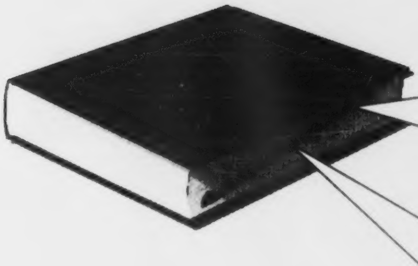
4) School makes late disbursement to student to cover these charges.

5) School returns any undisbursed Title IV that exceeds these charges back to the program funds.

6) If late disbursement of Title IV – *must* include in calculations;
if late disbursement of state aid – *may* include in calculations;
if late disbursement of other aid – *must not* include in calculations.

Note: School policy may be to not make any late disbursements.

What is the difference between institutional charges & noninstitutional charges?



Institutional Charge

Charges for which the school requires *direct payment.* (i.e., tuition & fees)

Noninstitutional Charge

Charge for educational purpose for which a source outside the school requires payment. (i.e., transportation costs)

Room and Board

Institutional charge if student lives in school-operated housing (i.e., the dorms).

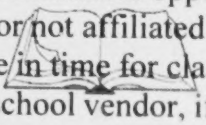
Noninstitutional charge if student lives in housing not affiliated with the school (i.e., a local apartment).

Even if charges pass through the school, still noninstitutional.

Books and Supplies:

Institutional charge if the student can only purchase at a school-affiliated store, like if the school charges the student directly as part of the enrollment agreement, or the school gives the student vouchers that can only be used at the school bookstore.

Noninstitutional charge if the student has a reasonable opportunity to purchase the books and supplies from a vendor not affiliated with the school; the student must be able to make the purchase in time for classes. Even if the student chooses to buy the books from a school vendor, if the student could have bought them from an outside vendor, the charge is noninstitutional.



Checkpoint #1: Definitions

Underline the italicized words that best fit in each choice:

Vlade enrolls at Transylvania State University (TSU). His program, phlebotomy, takes two years to complete. TSU packages $7,000 of financial aid for the first year. The school has two terms per academic year, fall and spring. The school credits Vlade's account with $2,500 to cover *institutional / noninstitutional* charges for the first term. His supplies are available at both the school store and a local business. Vlade decides to purchase them at the school store because they stay open late at night. The school would consider these charges as *institutional / noninstitutional.* While the dormitories are very nice, Vlade decides to live "on his own." Therefore, these charges would be *institutional / noninstitutional.* When classes start, Vlade receives a check for $700 to help cover noninstitutional charges. Since all of his institutional charges have been covered, the school still has another $300 to disburse. This is called a *late disbursement / credit balance.*

After six weeks, Vlade decides he has learned enough. Besides, his eyes tend to melt during his daytime classes. So, he withdraws on October 31st.

First, the school notes Vlade's withdrawal date. Vlade officially withdraws; the school *does / does not* have to check his attendance records to see if he has actually attended during the weeks leading up to October 31st.

Next, the school figures out how much of his *institutional / noninstitutional* charges Vlade incurred before leaving school. They must do this to properly *make the late disbursement / pay his credit balance.* Once TSU does this, they *should / should not* count the funds when doing refund and repayment calculations.

Finally, the school performs the calculations. Any money that went directly to Vlade to cover *institutional / noninstitutional* charges will be part of the *refund / repayment* calculation. The funds that were credited to his account to cover *institutional / noninstitutional* charges are part of the *refund / repayment* calculation.

How do you choose the correct refund calculation?

Levels of Refunds

Level 1 (choose all that apply)

- Pro Rata Refund
- State Refund
- **Accrediting Agency Refund**

Level 2 (only if no Level 1 refunds apply)

- Federal Refund
- Institutional Refund

Checkpoint #2: Selecting Refund Calculations

Kaler College features an enrollment period that lasts from 9/1 through 5/12. There is no applicable state policy for this school.

1) Bill is a first-time freshman who withdraws on April 11. Which refund(s) must you calculate? ______________________

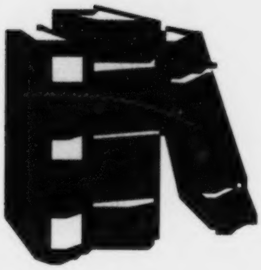
2) Kathy, also a first-time freshman, is expelled on October 8. Which refund(s) must you calculate? ____________________

3) Scarlett, in her third year at Kaler, withdraws on September 6. Which refund(s) must you calculate? ____________________

How quickly must you return the funds?

Time Frames for Return of Funds

Reason for refund calculation	SFA funds (non-FFEL) must be returned to SFA Program accounts within...	FFEL funds must be returned to the lender within...	Funds due to a student must be paid within...	Determination of the student's withdrawal date must be made within...
Official withdrawal	30 days from the later of— • last date of attendance • student notification	60 days from the later of— • last date of attendance • student notification	30 days from the later of— • last date of attendance • student notification	N/A
Unofficial withdrawal	30 days of date of determination by school that student ceased attending	60 days of date of determination by school that student ceased attending	30 days of earlier of— • date of determination by school that student ceased attending • end of term • end of period of enrollment for which the student has been charged	30 days of earlier of the end of— • the academic year • the program • the period of enrollment for which the student has been charged
Never returned from approved leave of absence	30 days of earlier of— • end of the LOA • student notification	30 days of earlier of— • end of the LOA • student notification	30 days of earlier of— • end of the LOA • student notification	N/A
Unapproved leave of absence	30 days from student's last recorded date of attendance	60 days of the last recorded date of attendance	30 days from student's last recorded date of attendance	N/A



Resources

- ★ *Federal Student Financial Aid Handbook: Institutional Eligibility and Participation*
- ★ 34 CFR 668.22

Answer Key

Checkpoint #1 – Definitions

Vlade enrolls at Transylvania State University (TSU). His program, phlebotomy, takes two years to complete. TSU packages $7,000 of financial aid for the first year. The school has two terms per academic year, fall and spring. The school credits Vlade's account with $2,500 to cover *institutional / noninstitutional* charges for the first term. His supplies are available at both the school store and a local business. Vlade decides to purchase them at the school store because they stay open late at night. The school would consider these charges as *institutional / noninstitutional*. While the dormitories are very nice, Vlade decides to live "on his own." Therefore, these charges would be *institutional / noninstitutional*. When classes start, Vlade receives a check for $700 to help cover noninstitutional charges. Since all of his institutional charges have been covered, the school still has another $300 to disburse. This is called a *late disbursement / credit balance*.

After six weeks, Vlade decides he has learned enough. Besides, his eyes tend to melt during his daytime classes. So, he withdraws on October 31st.

First, the school notes Vlade's withdrawal date. Vlade officially withdrew; the school *does / does not* have to check his attendance records to see if he has actually attended during the weeks leading up to October 31st.

Next, the school figures out how much of his *institutional / noninstitutional* charges Vlade incurred before leaving school. They must do this to properly *make the late disbursement / pay his credit balance*. Once TSU does this, they *should / should not* count the funds when doing refund and repayment calculations.

Finally, the school performs the calculations. Any money that went directly to Vlade to cover *institutional / noninstitutional* charges will be part of the *refund / repayment* calculation. The funds that were credited to his account to cover *institutional / noninstitutional* charges are part of the *refund / repayment* calculation.

Checkpoint #2: Choosing Refunds

1. Federal and Institutional
2. Pro Rata
3. Federal and Institutional

Session 13(b)

Calculating Refunds and Repayments

Questions we will answer during this session:

How do you calculate refunds and repayments?

The School

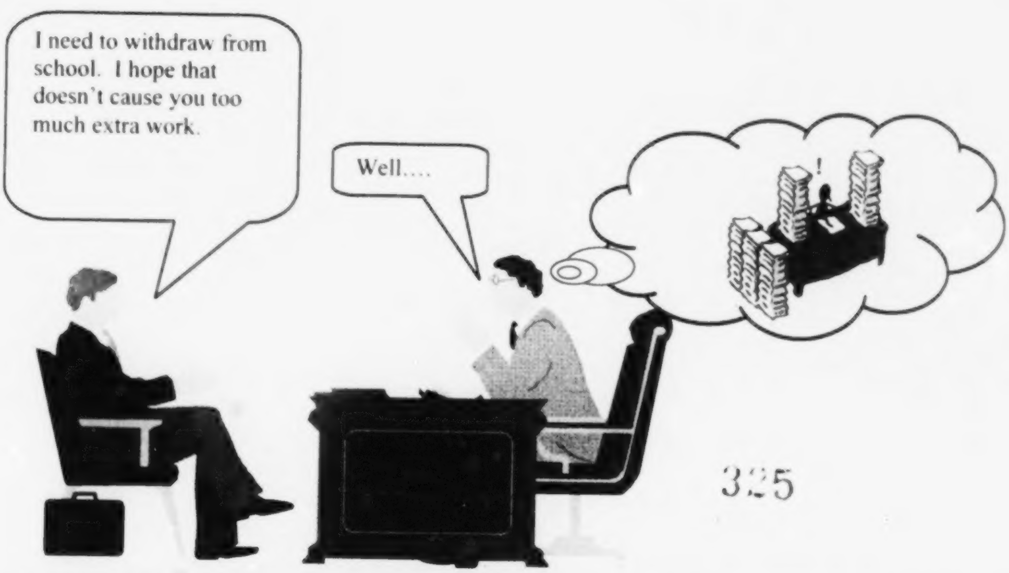
Doug attends Stormont College, a term-based, credit-hour school. Their academic year is **two 15-week semesters**, and they charge students by the term.

Stormont College is in a state that does have a refund policy. The **state policy** is as follows:

If the student withdraws during:	The school retains:
1st week	10%
2nd or 3rd week	25%
4th or 5th week	50%
6th or 7th week	75%
After 7th week	100%

The school's **repayment policy** is as follows:

For students who begin classes, 50% of the books and supplies allowance is considered to be expended. All other noninstitutional costs are prorated based on the number of weeks the student completes.


I need to withdraw from school. I hope that doesn't cause you too much extra work.
Well....
!

The Student

Doug is a **first-time freshman** at Stormont College. His **classes started** on September 1st. During the sixth week, on October 9th, Doug **officially withdrew** from school. Doug had **received the first disbursement** of both **Title IV** and nonfederal aid.

Costs per semester (student budget)

Tuition and fees	$6,000
Administrative fee	$ 50
Books/Supplies (from store not affiliated with school)	$ 200
Room and board (on-campus housing)	$2,450

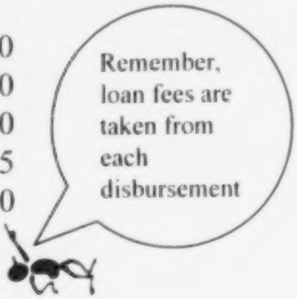
Aid awarded for academic year:

Federal Pell Grant	$2,300
Stormont College Scholarship	$5,500
State Grant	$2,500
FSEOG	$ 400
Perkins	$2,229
Subsidized FFEL	$2,625

Disbursements for the 1st semester (all disbursements made on 9/1)

Credited to Doug's school account -

Federal Pell Grant	$1,150
Stormont College Scholarship	$2,750
State Grant	$1,250
Perkins	$1,115
Subsidized FFEL	$1,260


Remember, loan fees are taken from each disbursement

Cash to Doug -

FSEOG	$ 200

Other payments:

Cash payment from Doug to school	$ 500

WARNING: DO NOT use without the accompanying instructions!!

WITHDRAWAL RECORD

1. Student Information

Name: Doug
Start Date: 9/1
Withdrawal Date/LDA: 10/9
Social Security Number: 500-00-0000
Length of Enrollment Period:
Date of WD/LDA Determination: 10/9

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
		Tuition/Fees	$6,000			Personal/Living	
		Administrative Fee	$50			Dependent Care	
		Room & Board	$2,450			Disability Costs	
		Books & Supplies	$200			Miscellaneous	
		Transportation				Miscellaneous	

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: ☐ Ⓐ

TOTAL Noninst. Costs: ☐ Ⓑ

TOTAL Aid Paid To Inst. Costs: ☐ Ⓒ

TOTAL Paid To Inst. Costs: ☐ Ⓓ

TOTAL Aid Paid as Cash: ☐ Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student
9/1	Pell			9/1	FSEOG		
9/1	Scholarship			9/1	Doug		
9/1	State Grant						
9/1	Perkins						
9/1	FFEL						

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.) ☐ YES ☐ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period ☐ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%:

- For credit-hour programs:

$$\frac{\textbf{WEEKS REMAINING}}{\textbf{TOTAL WEEKS IN PERIOD}} = \ldots\ldots$$

- For clock-hour programs:*

$$\frac{\textbf{HOURS REMAINING}}{\textbf{TOTAL HOURS IN PERIOD}} = \ldots\ldots$$

- For correspondence programs:

$$\frac{\textbf{LESSONS NOT SUBMITTED}}{\textbf{TOTAL LESSONS IN PERIOD}} = \ldots\ldots$$

*DO NOT use scheduled hours. Also, excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

- Administrative Fee (up to $100 or 5%, whichever is less) .... +
- Documented Cost of Unreturnable Equipment .... +
- Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) +

TOTAL EXCLUDABLE INST. COSTS (for Pro Rata and Federal Refund calculations only): =

Pro Rata/Federal Refund Institutional Costs:

.... Ⓐ − .... = ☐ A1
Total Institutional Costs − Total Excludable Inst. Costs

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PRO RATA REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

− Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Student's Scheduled Cash Payment (SCP)**

− Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Pro Rata Institutional Costs (from Withdrawal Record) **A1**

X % to be Refunded (from the Portion That Remains)

= **Initial Refund Amount**

− Unpaid Charges (from Step One)

= **ACTUAL REFUND TO BE DISTRIBUTED**

If this amount is negative the school may bill the student for that amount. No refund is due.

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan
2. Unsubsidized Federal Stafford Loan
3. Subsidized Federal Stafford Loan
4. Federal PLUS Loan
5. Unsubsidized Federal Direct Stafford Loan
6. Subsidized Federal Direct Stafford Loan
7. Federal Direct PLUS Loan
8. Federal Perkins Loan
9. Federal Pell Grant
10. FSEOG
11. Other Title IV Aid Programs
12. Other Federal, state, private, or institutional aid
13. The student

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REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

− Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

− Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

Total Institutional Costs (from Withdrawal Record) Ⓐ

X % Allowed to Retain* (from refund policy being used)

= **Initial Amount Retained By The School**

− UNPAID CHARGES (from Step One)

= **AMOUNT RETAINED**

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS)

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Total Paid to Institutional Costs (from Withdrawal Record) Ⓓ

− Amount Retained (from Step Two)

= **REFUND AMOUNT TO BE DISTRIBUTED**

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan
2. Unsubsidized Federal Stafford Loan
3. Subsidized Federal Stafford Loan
4. Federal PLUS Loan
5. Unsubsidized Federal Direct Stafford Loan
6. Subsidized Federal Direct Stafford Loan
7. Federal Direct PLUS Loan
8. Federal Perkins Loan
9. Federal Pell Grant
10. FSEOG
11. Other Title IV Aid Programs
12. Other Federal, state, private, or institutional aid
13. The student

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REPAYMENT CALCULATION WORKSHEET

STEP ONE

Living Expenses Incurred

Because schools' repayment policies differ, this step can be calculated two ways: the total noninstitutional costs ("B" from Withdrawal Record) may be retained at a flat percentage, or the itemized costs (listed on Withdrawal Record) may be retained at differing rates and then totalled.

	NONINST. COSTS (from Withdrawal Record)		EXPENSES ACTUALLY INCURRED (from school's repayment policy)	
Room & Board		X	=	
Books & Supplies	$200	X	=	
Transportation		X	=	
Personal/Living/Misc.		X	=	
TOTAL COSTS Ⓑ		**X**	**=**	**TOTAL INCURRED**

STEP TWO

Cash Paid to Student

*FFEL and Direct Loan funds are excluded from repayment—the student is already obligated to repay these funds to the lender.

Total Aid Paid as Cash (from Withdrawal Record) Ⓔ

− Cash Paid from FFEL/Direct Funds*

= **TOTAL CASH DISBURSED**

STEP THREE

Repayment Amount

Funds must be returned to the appropriate program account(s) within 30 days of the student's repayment to the school.

Total Cash Paid to Student (from Step Two)

− Total Costs Incurred (from Step One)

= **REPAYMENT AMOUNT TO BE DISTRIBUTED**

If this amount is less than $100, the student owes no repayment.

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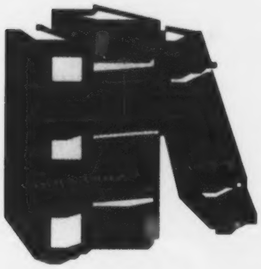
REPAYMENT DISTRIBUTION—Prescribed by Regulation

TOTAL REPAYMENT

1. Federal Perkins Loan
2. Federal Pell Grant
3. FSEOG
4. Other Title IV Aid Programs
5. Other Federal, State, private, or institutional aid



Resources

- ★ *Federal Student Financial Aid Handbook: Institutional Eligibility and Participation*
- ★ 34 CFR 668.22
- ★ DCL GEN-95-22

Answer Key

WARNING: DO NOT use without the accompanying instructions!!

WITHDRAWAL RECORD

1. Student Information

Doug	9/1	10/9
Name	Start Date	Withdrawal Date/LDA
500-00-0000	15 weeks	10/9
Social Security Number	Length of Enrollment Period	Date of WD/LDA Determination

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
✓		Tuition/Fees	$6,000			Personal/Living	
✓		Administrative Fee	$50			Dependent Care	
✓		Room & Board	$2,450			Disability Costs	
	✓	Books & Supplies	$200			Miscellaneous	
		Transportation				Miscellaneous	

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student
9/1	Pell	$1,150		9/1	FSEOG		$200
9/1	Scholarship	$2,750		9/1	Doug	$500	
9/1	State Grant	$1,250					
9/1	Perkins	$1,115					
9/1	FFEL	$1,260					

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs:	$8,500	Ⓐ
TOTAL Noninst. Costs:	$200	Ⓑ
TOTAL Aid Paid To Inst. Costs:	$7,525	Ⓒ
TOTAL Paid To Inst. Costs:	$8,025	Ⓓ
TOTAL Aid Paid as Cash:	$200	Ⓔ

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.) ☑ YES ☐ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period. ☑ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

- For credit-hour programs: $\frac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS IN PERIOD}} = \frac{9}{15}$
- For clock-hour programs:* $\frac{\text{HOURS REMAINING}}{\text{TOTAL HOURS IN PERIOD}} =$
- For correspondence programs: $\frac{\text{LESSONS NOT SUBMITTED}}{\text{TOTAL LESSONS IN PERIOD}} =$

*DO NOT use scheduled hours. Also, excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

•Administrative Fee (up to $100 or 5%, whichever is less)	+	$50
•Documented Cost of Unreturnable Equipment	+	
•Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal)	+	
TOTAL EXCLUDABLE INST. COSTS (for Pro Rata and Federal Refund calculations only):	=	$50

$8,500 Ⓐ − $50 = $8,450 A1

Total Institutional Costs − Total Excludable Inst. Costs = Pro Rata/Federal Refund Institutional Costs:

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PRO RATA REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	$ 8,500	Total Institutional Costs (from Withdrawal Record)	Ⓐ
—	$ 7,525	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	$ 975	**Student's Scheduled Cash Payment (SCP)**	
—	$ 500	Student's Cash Paid (from Withdrawal Record)	
=	$ 475	**UNPAID CHARGES**	

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	$ 8,450	Pro Rata Institutional Costs (from Withdrawal Record)	A1
X	60 %	% to be Refunded (from the Portion That Remains)	
=	$ 5,070	**Initial Refund Amount**	
—	$ 475	Unpaid Charges (from Step One)	
=	$ 4,595	**ACTUAL REFUND TO BE DISTRIBUTED**	

If this amount is negative the school may bill the student for that amount. No refund is due.

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan		8. Federal Perkins Loan	$ 1,115
2. Unsubsidized Federal Stafford Loan		9. Federal Pell Grant	$ 1,150
3. Subsidized Federal Stafford Loan	$ 1,260	10. FSEOG	$ 200
4. Federal PLUS Loan		11. Other Title IV Aid Programs	
5. Unsubsidized Federal Direct Stafford Loan		12. Other Federal, state, private, or institutional aid	$ 870
6. Subsidized Federal Direct Stafford Loan		13. The student	
7. Federal Direct PLUS Loan			

REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	$ 8,500	Total Institutional Costs (from Withdrawal Record)	Ⓐ
−	$ 7,525	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	$ 975	**Scheduled Cash Payment (SCP)** (attribution not allowable)	
−	$ 500	Student's Cash Paid (from Withdrawal Record)	
=	$ 475	**UNPAID CHARGES**	

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

	$ 8,500	Total Institutional Costs (from Withdrawal Record)	Ⓐ
X	75%	% Allowed to Retain* (from refund policy being used)	
=	$ 6,375	**Initial Amount Retained By The School**	
−	$ 475	UNPAID CHARGES (from Step One)	
=	$ 5,900	**AMOUNT RETAINED**	

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS)

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	$ 8,025	Total Paid to Institutional Costs (from Withdrawal Record)	Ⓓ
−	$ 5,900	Amount Retained (from Step Two)	
=	$ 2,125	**REFUND AMOUNT TO BE DISTRIBUTED**	

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan
2. Unsubsidized Federal Stafford Loan
3. Subsidized Federal Stafford Loan
4. Federal PLUS Loan
5. Unsubsidized Federal Direct Stafford Loan
6. Subsidized Federal Direct Stafford Loan
7. Federal Direct PLUS Loan
8. Federal Perkins Loan
9. Federal Pell Grant
10. FSEOG
11. Other Title IV Aid Programs
12. Other Federal, state, private, or institutional aid
13. The student

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REPAYMENT CALCULATION WORKSHEET

STEP ONE

Living Expenses Incurred

Because schools' repayment policies differ, this step can be calculated two ways: the total noninstitutional costs ("B" from Withdrawal Record) may be retained at a flat percentage, or the itemized costs (listed on Withdrawal Record) may be retained at differing rates and then totalled.

	NONINST. COSTS (from Withdrawal Record)		EXPENSES ACTUALLY INCURRED (from school's repayment policy)			
Room & Board		X		=		
Books & Supplies	$200	X	50%	=	$100	
Transportation		X		=		
Personal/Living/Misc.		X		=		
TOTAL COSTS Ⓑ	$200	X	50%	=	$100	TOTAL INCURRED

STEP TWO

Cash Paid to Student

*FFEL and Direct Loan funds are excluded from repayment—the student is already obligated to repay these funds to the lender.

	$200	Total Aid Paid as Cash (from Withdrawal Record) Ⓔ
−	0	Cash Paid from FFEL/Direct Funds*
=	$200	**TOTAL CASH DISBURSED**

STEP THREE

Repayment Amount

Funds must be returned to the appropriate program account(s) within 30 days of the student's repayment to the school.

	$200	Total Cash Paid to Student (from Step Two)
−	$100	Total Costs Incurred (from Step One)
=	$100	**REPAYMENT AMOUNT TO BE DISTRIBUTED**

If this amount is less than $100, the student owes no repayment.

REPAYMENT DISTRIBUTION—Prescribed by Regulation

TOTAL REPAYMENT

1. Federal Perkins Loan	
2. Federal Pell Grant	
3. FSEOG	
4. Other Title IV Aid Programs	
5. Other Federal, State, private, or institutional aid	$100

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Session 14

Professional Judgment

Questions we will answer during this session:

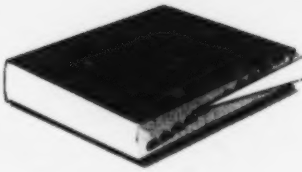
What is professional judgment?

How do you adjust Cost of Attendance?

How do you adjust Expected Family Contribution?

What are some other ways you can exercise professional judgment?

What is professional judgment?



Professional judgment – a *discretionary* action on the part of the financial aid office to address *unusual* circumstances that affect a student's ability to pay his or her educational expenses; must be *documented* in student's file

Discretionary:	not required by law to use it
Unusual:	not for across-the-board changes; only on a case-by-case basis

Examples of Documentation

1.____________________ 6.____________________

2.____________________ 7.____________________

3.____________________ 8.____________________

4.____________________ 9.____________________

5.____________________ 10.____________________

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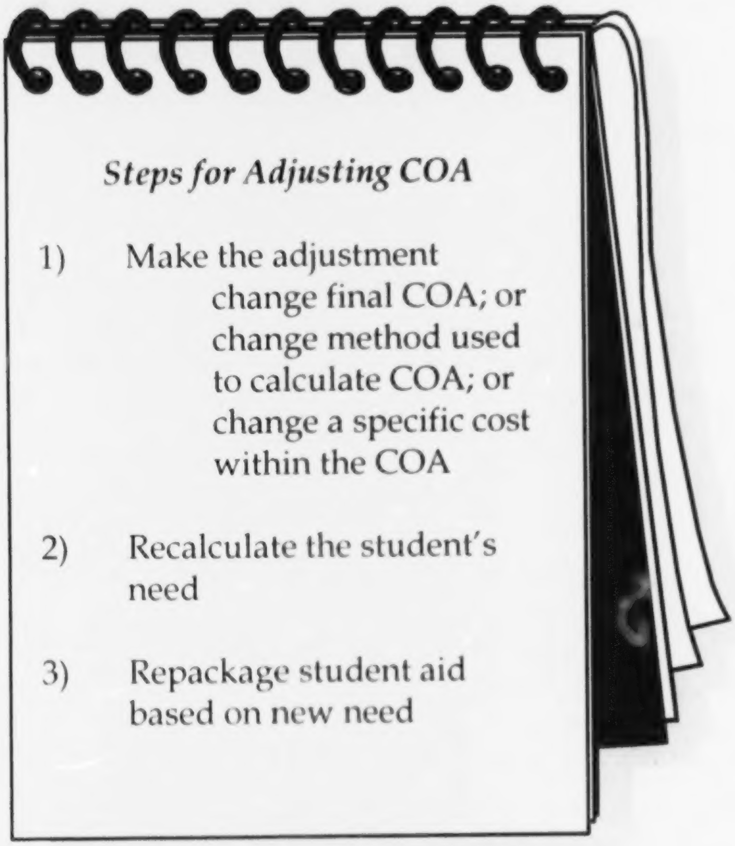
How do you adjust cost of attendance (COA)?



Steps for Adjusting COA

1) Make the adjustment
   - change final COA; or
   - change method used to calculate COA; or
   - change a specific cost within the COA
2) Recalculate the student's need
3) Repackage student aid based on new need

COA costs to adjust using professional judgment:

- **tuition and fees**
- **books, supplies, transportation, and miscellaneous expenses**
- **room and board**
- **dependent-care expenses**
- **study-abroad expenses**
- **disability-related expenses**
- **employment expenses related to cooperative education programs**
- **student loan fees**

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Case Study

Adjusting Cost of Attendance

Stephen comes to you the day before school starts. He explains that his disability, which involves his leg muscles, has worsened considerably over the last few months. Stephen's doctor has ordered him to purchase a special wheelchair in order to get around campus and attend classes comfortably. He may also need additional pain medication. You already have some disability-related expenses built in to Stephen's cost of attendance.

With this in mind, answer the questions that follow.

1. **What would you collect from Stephen in order to document his file?**

2. **How would you adjust Stephen's COA to account for the additional costs? (Give the data elements you would adjust.)**

3. **Would you exercise professional judgment in this case? Why or why not?**

How do you adjust Expected Family Contribution (EFC)?

Steps for Adjusting EFC

1) Adjust EFC data element
   - can't adjust EFC itself, or method of calculation, only data element

2) Calculate adjusted EFC
   - EDExpress calculation or hand calculation using need analysis worksheets

3) Recalculate Pell
   - if Pell changes, go to Step 4
   - if Pell doesn't change, skip to Step 5

4) Report adjustments to CPS
   - since Pell changed, need new official EFC from CPS to award aid
   - update ISIR (using EDExpress or similar software)

5) Recalculate need based on COA-EFC

6) Repackage student aid based on new EFC

Adjusting Cost of Attendance

Case Study

Larissa comes to you the day before classes begin. She explains that the father of her 3-year-old daughter is unemployed, and has stopped paying child support of $500 per month. Larissa fears that this income reduction will make her unable to pay for any educational expenses not covered by financial aid. Her EFC is currently 420. She asks if there is anything you can do to help.

With this in mind, answer the questions that follow.

1. **What would you collect from Larissa in order to document her file?**

2. **How would you adjust Larissa's EFC to account for the loss of income? (Look back at the need analysis worksheets on pages 5 and 6 of Session 4. Use them to figure out which data elements to adjust.)**

3. **Would you exercise professional judgment in this case? Why or why not?**

What are some other ways you can exercise professional judgment?

Dependency Override

- Occasionally done on FAFSA; usually done on ISIR.
- A student that starts as independent can't be changed to dependent.

Certifying Additional Unsubsidized Loans

- for borrowers whose parents are unable to take out PLUS loans due to adverse credit, not for borrowers whose parents REFUSE to take out PLUS loans

Adjusting Satisfactory Academic Progress Requirements

- due to mitigating circumstances only

Declining to Certify a Student Loan Application or Certifying it for a Lesser Amount

- must be explained to student in writing

Resources

- ★ *Federal Student Financial Aid Handbook: Student Eligibility*

Answer Key

Documentation Examples

Letters from doctors, lawyers and employers; cancelled checks; copies of bills; copies of pay stubs; copies of tax documents; worksheets the FAA completes for COA or EFC recalculations or for repackaging

Case Study #1 – Adjusting COA

1) **doctor's notes; doctor bills; proof of expense of wheelchair and medication; evidence that expenses won't be covered by insurance**
2) **adjust COA itself; increase disability-related expenses, miscellaneous expenses, personal expenses**
3) **Answers will vary**

Case Study #2 – Adjusting EFC

1) **proof of child support payments; proof of requirement that father must make payments; proof of monthly expenses; Larissa's pay stub**
2) **adjust Larissa's AGI or other income elements**
3) **Answers will vary**

cronyms

APPENDIX A

Acronyms - Appendix A

-A-

AAI Adjusted Available Income

ACA Administrative Cost Allowance

ACCSCT Accrediting Commission for Career Schools and Colleges of Technology

ACH/EFT Automated Clearinghouse/Electronic Funds Transfer

ACICS Accrediting Council for Independent Colleges and Schools

ACN Audit Control Number

ACT American College Testing

ADC Aid to Dependent Children

ADP Automated Data Processing

AFDC Aid to Families with Dependent Children

AGI Adjusted Gross Income

AI Available Income

AICPA American Institute of Certified Public Accountants

ANN Announcement "Dear Colleague" Letters

AOS Application Ordering System

APA [Educational Savings and] Asset Protection Allowance

ATB Ability to Benefit

ATI Available Taxable Income

AVR Automated Voice Response

AY Academic Year

-B-

BBAY Borrower-Based Academic Year

-C-

CAN Common Accounting Number

CAP Corrective Action Plan

CB Campus-based programs and campus-based "Dear Colleague" Letter

CBO Congressional Budget Office

CBT Computer-Based Training

CCA Career College Association

CEO Chief Executive Officer

CFR Code of Federal Regulations

COA Cost of Attendance

COHEAO Coalition of Higher Education Assistance Organizations

CPA Certified Public Accountant

CPS Central Processing System

CR Credit

CSS College Scholarship Service

-D-

DCL "Dear Colleague" Letter

DCS Debt Collection Service

DIC Dependency and Indemnity Compensation

DL Direct Loan "Dear Colleague" Letter

DRN Data Release Number

DRAP Default Reduction Assistance Program

DUNS Data Universal Numbering System

-E-

EA Employment Allowance

EAC Electronic Access Code *or* Electronic Access Conference

EADA Equity in Athletics Disclosure Act of 1994

EASFAA Eastern Association of Student Financial Aid Administrators

EASI [Project] Easy Access for Students and Institutions

ECAR Eligibility and Certification Approval Report

ED U.S. Department of Education

EDCAPS ED Central Automated Processing System

EDE Electronic Data Exchange

EDGAR Department of Education General Administration Regulations

EDI Electronic Data Interchange

EFA Estimated Financial Assistance

EFC Expected Family Contribution

EFN Exceptional Financial Need

EFT Electronic Funds Transfer (See also *ACH/EFT*)

EIN Entity Identification Number

EOC Educational Opportunity Center

EPI Electronic Payment Information

ESOA Electronic Statement of Account

EST Eastern Standard Time

ET Eastern Time

-F-

FAA Financial Aid Administrator

FAD Final Audit Determination

FADHPS Financial Assistance for Disadvantaged Health Professions Students

FAFSA Free Application for Federal Student Aid

FAO Financial Aid Office *or* Financial Aid Officer

FAT Financial Aid Transcript

FCC Federal Capital Contribution (part of the Perkins Loan Program)

FEDWIRE (Automated FEDWIRE) U.S. Treasury Financial Communication System/ Deposit Message Retrieval System *or* Federal Reserve Communications System (not a U.S. Treasury wire transfer system)

FERPA Family Education Rights and Privacy Act

FFEL Federal Family Education Loan

FFY Federal Fiscal Year

FIPSE Fund for the Improvement of Postsecondary Education (in the U.S. Department of Education)

FISAP The Fiscal Operations Report and Application to Participate in Campus-Based Programs (FSEOG, FWS, and Federal Perkins Loan Programs)

FLD Final Letter of Determination

FO Fiscal Officer

FRB Federal Reserve Bank

FRCS Federal Reserve Communications System

FROE Final Report of Expenditures

FS Financial Services (in the U.S. Department of Education; formerly called Accounting and Financial Management Services [AFMS] and Financial Management Service [FMS])

FSEOG Federal Supplemental Educational Opportunity Grant

FT Full Time

FTS Federal Telecommunications System

FWS Federal Work-Study

FY Fiscal Year

-G-

G Guaranty Agency "Dear Colleague" Letter

GA Guaranty Agency

GAO General Accounting Office

GAPS Grant Administration & Payment System

GAS Government Auditing Standards

GED General Education Development Certificate

GEN General "Dear Colleague" Letter

GLOS Guarantor and Lender Oversight Service (in the U.S. Department of Education)

GPA Grade Point Average

GPO Government Printing Office

-H-

HBCUs Historically Black Colleges and Universities

HEA Higher Education Act of 1965, as amended (most recently in 1998)

HEAL Health Education Assistance Loan

HPSL Health Professions Student Loan Program

-I-

IAM Integrated Application Menu

ICC Institutional Capital Contribution

ICR Income Contingent Repayment Plan

IDPS Institutional Default Prevention System

IFAP Information for Financial Aid Professionals (web site)

IHE Institution of Higher Education

INS Immigration and Naturalization Service

IPA Income Protection Allowance

IPOS Institutional Participation and Oversight Service (in the U.S. Department of Education)

IRA Individual Retirement Account

IRQF Information Request Form (Part 2 of SAR)

IRS Internal Revenue Service

IRVF Information Review Form (Part 2 of SAR)

ISAMS Integrated Student Aid Management System

ISIR Institutional Student Information Record

-J-

JIT Just-in-Time Payment Menthod

JLD Job Location and Development Programs

JTPA Job Training Partnership Act

-K-

No entries

-L-

L FFEL Program "Dear Colleague" Letter for lenders

LAN Local Area Network

LD Limited Distribution "Dear Colleague" Letter

LDA Last Day of Attendance

LEAP Leveraging Educational Assistance Partnership Program (formerly SSIG)

LOA Leave of Absence *or* Letter of Application

LOE Level of Expenditure

LS&T Limitation, Suspension, and Termination

-M-

MASFAA Midwest Association of Student Financial Aid Administrators

MISAA Middle Income Student Assistance Act of 1978

MRR Multiple Reporting Record (part of RFMS)

-N-

NAACS National Association of Accredited Cosmetology Schools

NACCAS National Accrediting Commission of Cosmetology Arts and Sciences

NACUBO National Association of College and University Business Officers

NAS Need Analysis Servicer *or* Need Analysis System

NASEA National Association of Student Employment Administrators

NASFAA National Association of Student Financial Aid Administrators

NCHELP National Council of Higher Education Loan Programs

NCS National Computer Systems

NDEA National Defense Education Act

NDSL National Direct Student Loan Program *or* National Defense Student Loan Program (no longer in existence, but still collected)

NFC National Finance Center

NIH National Institutes of Health

NPRM Notice of Proposed Rulemaking

NRM Negotiated Rulemaking

NSF Non-Sufficient Funds

NSLDS National Student Loan Data System

NSSP National Science Scholars Program (no funding beginning 1996-97)

-O-

OC Object Classification Code

OCFO Office of the Chief Financial Officer

OCR Office for Civil Rights (in the U.S. Department of Education)

OGC Office of the General Counsel (in the U.S. Department of Education)

OIG Office of the Inspector General (in the U.S. Department of Education)

OMB Office of Management and Budget

OPE Office of Postsecondary Education (in the U.S. Department of Education)

OPM Office of Personnel Management

OSFAP Office of Student Financial Assistance Programs (in the U.S. Department of Education)

-P-

P Federal Pell Grant "Dear Colleague" Letter

PAN Payee Account Number

PAS Presidential Access Scholarship *or* Primary Accounting System

PBO Performance-Based Organzation (current structure of OSFAP)

PC Parental Contribution *or* Personal Computer

PCA Parents' Contribution from Assets *or* Pre-Claims Assistance

PDD Policy Development Division (in the U.S. Department of Education)

PDL Program Determination Letter

PHEAA Pennsylvania Higher Education Assistance Agency

PIPD Performance Improvement and Procedures Division (in the U.S. Department of Education)

P. L. Public Law

PLUS Parent Loans for Undergraduate Students (now used only as an acronym)

POP Potential Overaward Project (Pell-related)

PPA Program Participation Agreement

PRCN Program Review Control Number

PRD Program Review Determination

PSS Program Systems Service (in the U.S. Department of Education)

PT Part Time

PTAS Policy, Training, and Analysis Service (in the U.S. Department of Education)

-Q-

QA Quality Assurance

QAP Quality Assurance Program (in the U.S. Department of Education; formerly Institutional Quality Assurance Program)

QC Quality Control

-R-

RDE Recipient Data Exchange

REPS Restored Entitlement Benefits for Survivors—Section 156

RFMS Recipient and Financial Management System (part of Pell)

RIGA Regional Inspector General for Audit

RMASFAA Rocky Mountain Association of Student Financial Aid Administrators

RO Regional Office

ROTC Reserve Officers' Training Corps

-S-

SAO Statement of Account

SAP Satisfactory Academic Progress

SAR Student Aid Report

SASFAA Southern Association of Student Financial Aid Administrators

SAY Scheduled Academic Year

SC Student Contribution

SCA Student Contribution from Assets

SCP Scheduled Cash Payment

SFA Student Financial Aid (programs)

SG State (LEAP) "Dear Colleague" Letter

SIC Student's Income Contribution

SLEAP Special Leveraging Educational Assistance Partnership Program (formerly SSIG)

SLMA Student Loan Marketing Association, also called "Sallie Mae"

SLRA Student Loan Reform Act of 1993

SNT Simplified Needs Test

SOA Statement of Account

SPCA Supplemental Pre-Claims Assistance

SSA Social Security Administration

SSCR Student Status Confirmation Report

SSIG State Student Incentive Grant (now replaced by LEAP program)

SSN Social Security Number

STX State and Other Tax Allowance

SWASFAA Southwestern Association of Student Financial Aid Administrators

-T-

TC Total Contribution

TI Total Income

TIV WAN Title IV Wide Area Network

TPID Training and Program Information Division (in the U.S. Department of Education)

TRIO HEA federal outreach programs for disadvantaged students: Educational Opportunity Centers, Talent Search, Upward Bound, Upward Bound—Math/Science, Ronald E. McNair Post-Baccalaureate Achievement, Training Program for Special Programs Staff and Leadership Personnel, and Student Support Services

-U-

U.S.C. United States Code (of law)

-V-

VA U.S. Department of Veterans Affairs

VEAP Post-Vietnam Veterans Educational Assistance Program

VISTA Volunteers in Service to America

-W-

WASFAA Western Association of Student Financial Aid Administrators

-X, Y, Z-

YTD Year-to-Date (part of RFMS)

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ossary

APPENDIX B

Glossary - Appendix B

A-

Ability to Benefit (ATB) A postsecondary education eligibility standard for persons who:

(a) do not have a high school diploma or its recognized equivalent and

(b) are beyond the age of compulsory school attendance.

To be eligible to receive federal student financial aid, the Higher Education Act, as amended, requires these persons to pass an independently administered test approved by the U.S. Secretary of Education.

Academic Year (AY) A time period of at least 30 instructional weeks in which a full-time undergraduate student is expected to complete:

- 24 semester or trimester hours or 36 quarter hours at an institution using credit hours in an educational program whose length is measured in credit hours, *or*
- at least 900 clock hours at an institution using clock hours.

However, there is an exception for those schools with at least a two-year or four-year academic program with an associate or bachelor's degree. Those schools may request, in writing, that ED reduce the minimum period of instructional time of the academic year for any of its programs as long as they are at least 26 weeks in length.

Acceptable Documentation Written documents, such as U.S. income-tax returns and signed statements from the applicant and the applicant's family, that substantiate information reported on a student aid application. The *SFA Handbook: Student Eligibility* lists documents accepted as proof that applicant data are accurate. See also *Documentation* and *Verification.*

Accounting Period A time period for which financial records are maintained and, at the end of which, financial statements are prepared.

Accredited Institution Any school or institution that meets standards established by a nationally recognized accrediting agency or association. See also *Accrediting Agency, Nationally Recognized Accrediting Agency or Association*, and *Preaccredited Institution.*

Accrediting Agency An agency that sets educational standards, evaluates institutions, and certifies that institutions have met its standards and is recognized by the U.S. Secretary of Education as a reliable authority in evaluating the educational quality of programs offered by postsecondary institutions. See also *Nationally Recognized Accrediting Agency or Association.*

Accrued Salaries Wages earned by students between the date that the students were last paid and the end of the accounting period being reported, but not yet paid to the students. The unpaid wages are considered a school liability.

ACH and ACH/EFT See *Automated Clearinghouse (ACH).*

Actual Interest Rate The annual interest rate a lender actually charges on a loan, which may be equal to or less than (but not more than) the loan's applicable interest rate.

Adjusted Gross Income (AGI) A specific income figure taken from a completed federal income-tax form filed in compliance with IRS regulations and guidelines.

Administrative Capability An institution must demonstrate specific areas in its management of its federal student financial aid programs, including:

- establishing and maintaining student records and financial records,
- submitting required ED reports,
- designating a capable financial aid administrator at the institution,
- writing procedures for school offices involved with federal student financial programs,
- communicating to the financial aid administrator all information received by any school office that might affect a student's federal student financial aid eligibility,
- dividing the functions of authorizing payments and disbursing loan funds,
- employing an adequate number of qualified staff, *and*
- participating in ED-provided electronic processes.

It also includes:

- providing adequate checks and balances,
- establishing, publishing, and applying reasonable standards of satisfactory academic progress for students,
- developing an adequate system to identify and resolve inconsistent information on documents,
- providing adequate financial aid counseling,
- providing all program and fiscal reports and financial statements required for compliance, *and*
- referring any instance of suspected fraud or criminal conduct by a federal student financial aid applicant to ED's Office of Inspector General.

Also, an institution must:

- not demonstrate any evidence of significant problems that affect its ability to administer Title IV funds,
- not have a student-loan cohort default rate of 25 percent or higher, *and*
- not appear to lack the ability to administer Title IV programs competently.

Administrative Cost Allowance (ACA) An amount the federal government allows an institution to offset for the cost of administering a Title IV program.

Administrative Offset An offset assessed by ED against a Title IV aid school to collect program review, audit, and formal fine debts. ED withholds portions of a school's GAPS payments and applies them toward the school's debt.

Advance Payment Method See *Automated Clearinghouse.*

Allocation A specific sum of money awarded for an institution to use during a specific period. Campus-based funds (Federal Supplemental Educational Opportunity Grant, Federal Work-Study, and Federal Perkins Loan) are allocated to an institution on an award-year basis. Allocation may also be referred to as obligation, award, grant, or Document Number.

Allocation Order A priority list, established by ED, that states the order in which refunds are to be made to federal financial aid program accounts if a student withdraws, drops below half-time status, is expelled, or drops out during the refund period. By law, refunds must be allocated to Title IV programs in a specified order, as follows:

(1) Federal Family Education Loan (FFEL) Program

(2) William D. Ford Federal Direct Loan Program

(3) Federal Perkins Loan Program

(4) Federal Pell Grant Program

(5) Federal Supplemental Educational Opportunity Grant (FSEOG) Program

(6) All other Title IV programs

See also *Refund* and *Refund Policy.*

Allowances Financial modifications included in need-analysis formulas to provide for a family's non-discretionary expenses or to allow them to shelter assets or income for retirement or emergency purposes. In establishing students' costs of attendance (COAs), allowances are reasonable amounts allotted by an institution to reflect most students' education expenses.

Appeal Procedure The process by which a school requests reconsideration of an adverse ED ruling, such as liabilities to redress audit or program review findings.

Appeal Process The process by which a student requests further consideration in the financial aid process after being denied aid.

Applicable Interest Rate The maximum annual interest rate that a lender may charge on a student loan.

Applicant Roster and Tape Service See *Institutional Student Information Record (ISIR).*

Appropriation At the federal level, a congressional legislative act allocating a specific amount of public funds to be spent for a specific purpose during a fiscal or award year. See also *Continuing Resolution.*

Assets Financial holdings, such as cash on hand in checking and savings accounts, trusts, stocks, bonds, other securities, loans, receivables, real estate (excluding the home), business equipment, and business inventory that must be reported on a student financial aid application. These are considered in determining a student's Expected Family Contribution (EFC). See also *Expected Family Contribution (EFC)* and *Education Savings and Asset Protection Allowance.*

Assignment A school's transfer of a defaulted Federal Perkins Loan to ED for collection. Once ED accepts a loan, it acquires all rights, title, and interest on the assigned loan. In certain cases, guaranty agencies also assign defaulted loans under the FFEL Program to ED.

Audit An independent examination of a school's financial transactions, accounts, reports, and compliance with applicable laws and regulations to determine whether the institution is maintaining effective control over revenues, expenditures, assets, and liabilities; whether the institution is properly accounting for resources, liabilities, and operations; whether financial reports contain accurate, reliable, and useful financial information and are accurately presented; and whether the institution is complying with applicable laws, regulations, and ED directives. A financial audit also studies and evaluates the institution's internal accounting and administrative controls, as well as the policies, procedures, and practices used in administering student financial assistance programs. See also *Independent Audit.*

Audit Exceptions School actions found through an audit that are not in compliance with federal guidelines.

Audit Guide The reference manual published by ED that is designed to assist independent auditors performing audits of Title IV student financial aid programs.

Audit Report A report prepared by ED after a federal audit is performed. In a nonfederal audit, an audit report is a report prepared by an auditor or audit firm according to the guidelines provided in the *Audit Guide* and ED's "Dear Colleague" Letter GEN-92-17 (Non-Federal Technical Bulletin 92-1) *or* according to OMB Circulars A-128 or A-133. See also *Federal Audit.*

Authorization (legislative) At the federal level, a congressional legislative act that establishes a program, specifies its general purpose and conduct and, unless open-ended, sets a ceiling for the dollar amount that can be used to finance it. An authorization must be enacted before dollar amounts can be appropriated for program spending.

Authorization (spending) The approved expenditure level for a program for an award year. Each award year, ED notifies each participating institution of its authorized levels of expenditures for the Federal Pell Grant and the campus-based programs. See also *Official Notice of Funding* and *Statement of Account (SOA).*

Automated Clearinghouse (ACH) A nationwide, electronic financial network providing a paperless, efficient means of making payments by electronically transmitting debits and credits through the Federal Reserve Communications System. ACH payments offer a wide range of applications, including direct deposit and preauthorized debits. Also referred to as Automated Clearinghouse/Electronic Funds Transfer (ACH/EFT).

Automatic Zero EFC (Expected Family Contribution) A dependent student qualifies if the student's parents filed, or are eligible to file, an IRS Form 1040A or 1040EZ or are not required to file and the sum of both parents' adjusted gross incomes or earned incomes is $12,000 or less. An independent student with dependents other than a spouse qualifies if the student (and spouse, if applicable) filed or is eligible to file an IRS Form 1040A or 1040EZ *or* the student (and spouse, if applicable) is not required to file and the student's (and spouse's, if applicable) adjusted gross income(s) or earned income(s) is $12,000 or less. See also *Expected Family Contribution (EFC).*

Award A specific amount of financial assistance to pay for education costs offered to a student through one or more financial aid programs.

Award Adjustment or Revision An action by a financial aid office resulting in an increase, decrease, program-source substitution, or cancellation of a student's financial aid award.

Award Letter A notification to student financial aid applicants outlining the types and amounts of aid being offered, as well as specific loan program information, student responsibilities, and the conditions that govern the award(s).

Award Year The time period beginning July 1 of one year through June 30 of the following year for which financial aid awards are made. The award year differs from the federal fiscal year (beginning October 1 of one year through September 30 of the following year).

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Base Year (for financial aid awards) The 12-month period ending on December 31 of the calendar year that precedes an award year. For example, calendar year 1997 is the base year for the 1998-99 award year.

Batch A group of electronic records.

Bill At the federal level, proposed legislative measures before Congress are in the form of bills. They are designated as HR (House of Representatives) or S (Senate), according to the house in which they originate, and by a number assigned in the order in which they were introduced, starting from the beginning of each two-year congressional term. A bill becomes public law if it is approved by the Congress and signed by the President.

Billing Service A private-sector business organization that services loan accounts (billing and/or receiving) for lenders and schools. A fee is charged for the service.

Board (as in "room and board") The cost of a food allowance or meal plan. See also *Room.*

Branch Campus A location of a school that is geographically apart and independent of the school's main campus. To be independent, a location must be permanent in nature; offer courses in educational programs that lead to a degree, certificate, or other recognized educational credential; have its own faculty and administration; and have its own budget and hiring authority. Additionally, for accrediting purposes, the definition includes a location that offers at least 50 percent of an educational program. A branch campus must be individually certified to be eligible to participate in Title IV programs.

Budget Committees At the federal level, the House and Senate committees that prepare the budget resolutions determining the levels of funding for all federal programs.

Each committee holds hearings and reviews projections from Executive Departments, the Office of Management and Budget, and the Congressional Budget Office. See also *Budget Resolution.*

Budget Resolution (as in first and second budget resolution) At the federal level, the congressional measure that determines the total federal budget. The first budget resolution, generally passed in April or May, sets ceilings or spending targets for all federal programs. Its figures are not binding. The second budget resolution, generally passed in August or September, sets the limits of federal budget expenditures for the upcoming fiscal year, which starts on October 1. See also *Budget Committees*.

Business Assets Property used to operate a trade or business, including real estate, inventories, buildings, machinery and other equipment, patents, franchise rights, and copyrights. These are considered in determining a student's Expected Family Contribution (EFC). See also *Expected Family Contribution (EFC)*.

Business Office The school office responsible for an institution's financial accounting, including Title IV aid program activity. The office disburses financial aid award payments to students and student accounts and processes loan checks. At various schools, it is sometimes referred to as the fiscal office, finance office, bursar's office, treasurer's office, or student accounts office. See also *Separation of Functions*.

Robert C. Byrd Honors Scholarship A Title IV financial aid program that makes scholarships available to full-time postsecondary students with exceptional ability and promise. Students apply for the merit-based scholarships through their state education agencies.

-C-

Campus-Based Programs The term applied to three federal Title IV student aid programs administered on campus by eligible institutions of postsecondary education:

- the Federal Supplemental Educational Opportunity Grant (FSEOG) Program,
- Federal Work-Study (FWS) Program, *and*
- the Federal Perkins Loan Program.

See also individual program names.

Cancellation (of a loan) This occurs when a borrower meets specific requirements that permit nullifying the borrower's obligation to repay a designated portion of principal and interest on a student loan. It may also be referred to as "discharge of a loan."

Capitalizing Interest A process in which a lender adds unpaid interest to the loan principal. Capitalizing is a way to postpone interest payment; it increases the amount of the principal and, consequently, the total loan amount that must be repaid.

Carry Back/Carry Forward A special provision of the Federal Work-Study (FWS) Program and the Federal Supplemental Educational Opportunity Grant (FSEOG) Program that allows an institution to transfer up to 10 percent of its annual allocation back to the previous award year or forward to the next award year. In addition, a school may use carry-back funds from the current award year to pay student wages earned from May 15 through June 30 of the previous award year. See also program names.

Cash Advance A transfer of funds from a federal agency account in the U.S. Treasury through the Federal Reserve Bank to a school.

Central Processing System (CPS) See *Federal Central Processing System (CPS)*.

Certificate of Citizenship A document for U.S. citizens born outside the U.S. that certifies they are U.S. citizens.

Certificate of Naturalization A U.S. Immigration and Naturalization Service (INS) document given to individuals who were not born in the U.S. when they become naturalized U.S. citizens.

Clock Hour The period of time consisting of: a 50-minute to 60-minute class, lecture, or recitation in a 60-minute period; or a 50-minute to 60-minute faculty-supervised laboratory, shop training, or internship in a 60-minute period; *or* 60 minutes of preparation in a program of study by correspondence. Compare *Credit Hour*.

Clock-Hour Schools Institutions that measure academic programs in clock hours. See also *Academic Year (AY)* and *Clock Hour*. Compare *Credit Hour* and *Credit-Hour Schools*.

Code of Federal Regulations (CFR) The compilation of published federal requirements that appear in the *Federal Register*. Regulations implementing Title IV financial aid programs appear in Title 34 CFR.

Cohort Default Rate For the Federal Perkins Loan, Federal Stafford Loan Program, and Federal Direct Loan Program, the percentage of an institution's current and former students who entered student-loan repayment in a specific fiscal year on loans received for attendance at that institution and who defaulted before the end of the following fiscal year. For any fiscal year in which fewer than 30 students entered repayment, the percentage is determined on the basis of students who entered repayment as just described in any of the three most recent fiscal years and who defaulted before the end of the fiscal year immediately following the year they entered repayment. See also *Default*.

Collection Agency A private-sector business organization that attempts to collect on delinquent or defaulted student loans referred to it by a lender or school. A fee is charged for the service.

Collection Costs Reasonable costs incurred by using a collection agency or commercial skip-trace agency in an attempt to recover delinquent or defaulted student loan funds. See also *Collection Agency* and *Skip Tracing*.

Co-Maker Either of two individuals who are joint borrowers on a loan and who are equally liable for its repayment. Compare *Endorser*.

Comment Period A time period, usually of 45 days or 60 days from the date a Notice of Proposed Rulemaking (NPRM) is published in the *Federal Register*, during which interested parties are invited to submit comments.

Comments and Responses A section of a final regulations package published in the *Federal Register* that summarizes comments received from the public about an earlier proposed version of the regulations. In U.S. Department of Education regulations, the Secretary's responses to these comments are also included in this section. (The section often is part of the preamble that introduces the final version of the regulations; it also gives the date the rules become effective and a summary of the regulations' major provisions.) See also *Comment Period*.

Compliance Audit See *Audit* and *Independent Audit*.

Conference Committee On the federal level, a congressional committee made up of members of the House of Representatives and the Senate who meet to reconcile differences between the two houses' versions of a bill. Conference committee members are appointed by the Speaker of the House and the President of the Senate (the Vice President of the United States). See also *Bill*.

Confirmation Report See *Student Status Confirmation Report (SSCR)*.

Conflicting Information Information, held by any office at a school, that conflicts with the information on a student's application for federal student aid. See also *Verification* and *Verification Items*.

Consolidation Loan A loan that combines multiple federal student loans into a single loan with one monthly payment. Title IV loan programs, the Health Professions Student Loan (HPSL) Program, the Health Education Assistance Loan (HEAL) Program, and the Nursing Student Loan Program (NSLP) may be consolidated. Compare *Federal Direct Consolidation Loan*.

Continuing Resolution At the federal level, congressional joint agreement between the House and Senate to continue appropriations for specific government agencies (at rates generally determined on the basis of previous fiscal-year appropriation levels) when Congress has not yet enacted an appropriation act for those agencies for the current fiscal year. A continuing resolution must pass both houses of Congress and be signed by the President. See also *Appropriation*.

Contribution from Earnings A percentage of a dependent student's base-year earnings that the student is expected to contribute to education costs. See also *Base Year*.

Corrective Action Plan (CAP) A written plan that an institution submits to ED to explain what reasonable and appropriate steps it will take to remedy any violation(s) of applicable laws or regulations.

Correspondence Course or Program A "home study" course provided by an institution to students who are partly or not at all physically attending classes. See also *Telecommunications Course.*

Cost of Attendance (COA) Tuition and fees, room and board expenses while attending school, allowances for books and supplies, transportation, loan fees (if applicable), dependent-care costs, costs related to a disability, study-abroad costs, and other miscellaneous expenses, as outlined in Section 472 of the HEA. See also *Source Document.*

Credit Hour The unit of measuring educational credit based on the number of classroom hours per week throughout a semester, trimester, or quarter term. Compare *Clock Hour.*

Credit-Hour Schools Schools with academic programs that measure progress by completed courses assigned specific numbers of credit hours. See also *Academic Year* and *Credit Hour.* Compare *Clock Hour* and *Clock-Hour Schools.*

-D-

Debt-Management Counseling Counseling for students on the subject of assuming debt and handling accumulated indebtedness.

Data Release Number (DRN) Appears on the student's SAR and SAR Information Acknowledgment; used by the student to make changes over the phone to certain SAR elements; used by schools to draw down ISIR.

Default For Perkins Loan: Failure of a borrower to make a loan-installment payment when due or to meet other terms of the signed promissory note or written repayment agreement.

For FFEL Program Loans: Failure to make a loan-installment payment (a) for 180 days on a loan repayable in monthly installments or (b) for 240 days on a loan repayable in less frequent installments.

For Direct Loans: Failure to make a loan-installment payment for 270 days on a loan repayable in monthly installments.

There can be serious legal consequences for student-loan defaulters. See also *Cohort Default Rate.*

Deferment (of a loan) A period of postponement during which repaying loan principal is suspended as a result of the borrower meeting one or more of a number of deferment requirements established by law. Interest continues to accumulate during deferment of an unsubsidized loan. Compare *Forbearance (on a loan).*

Delinquent Borrower A student loan borrower who fails to make a loan-installment payment by or on its due date.

Delivery In the Federal Family Education Loan Program, the process of a school transmitting loan proceeds to a borrower. See also *Disbursement.*

Deobligation Action by ED reducing all or part of an institution's allocation for a Title IV program. Deobligation usually results from an institution releasing funds back to the federal government that will not be used during the period for which the funds were allocated. See also *Allocation* and *Supplemental Allocation.*

Departmental Scholarship An award of gift assistance specifically designated for a recipient in a particular department within the school, college, or university. It may be a need-based award, but it does not have to be.

Dependents Generally, spouse, children, and/or other household members for whom the parent (or aid applicant) provides more than one-half of the financial support.

Dependent Student For the purposes of federal Title IV financial aid, a student who does not meet any of the criteria for an independent student must be classified as a dependent student. Compare *Independent Student.*

Direct Loan Origination Center ED's agent responsible for functions associated with processing applications for and disbursing Direct Loan Program funds. See also *Direct Loan Servicing Center.*

Direct Loan Program A federal program where the U.S. government provides four types of education loans to student and parent borrowers directly through schools:

- the Federal Direct Stafford Loan (subsidized),

- the Federal Direct Unsubsidized Stafford Loan,
- the Federal Direct PLUS Loan (for parents), *and*
- the Federal Direct Consolidation Loan.

These loans are referred to collectively as "Direct Loans." See individual loan names.

Direct Loan Servicing Center ED's agents responsible for functions associated with repaying Direct Loans. See also *Direct Loan Origination Center.*

Disbursement Paying financial aid funds through cash, check, or credit to a student's account. See also *Delivery.*

Disbursement Record Schools create and send disbursement records to ED's Recipient and Financial Management System (RFMS); each time they plan to disburse Pell funds to a student. See also *RFMS, Origination Record.*

Discharge See *Cancellation (of a loan).*

Discharge Due To Bankruptcy Release from a student-loan obligation by action of a bankruptcy court.

Disclosure Statement A statement sent to the borrower by the lender before or at the time it disburses a loan, as well as at, or prior to, the beginning of the repayment period, containing information about the terms of their loans and the consequences of default.

Discretionary Items Applicant data items (such as untaxed income benefits, total income, or assets) used to determine a student's eligibility for federal financial aid that regulations do not require be verified. See also *Verification.*

Distribution Formula A formula that federal regulations specify be used to calculate the amounts of refunds or overpayments (repayments) that must be returned to individual federal student financial aid programs. See also *Refund Policy* and *Repayment Allocation Policy.*

Documentation Documents or signed statements presented as evidence in support of an action affecting a student's eligibility for financial aid. See also *Acceptable Documentation.*

Drop-Out Date A student's last recorded class-attendance date that can be documented by the school; this is not necessarily the same as the withdrawal date. If a student unofficially withdraws, the drop-out date determined by class attendance must be used in calculating refund and repayment amounts. Compare *Withdrawal Date.*

Due Diligence Full and timely disclosure to student borrowers of their rights and obligations, explained during entrance and exit interviews. Also the use of extensive, persistent, and forceful procedures for servicing and collecting student loans.

-E-

ED Central Automated Processing System (EDCAPS) An upgraded financial management system under development to replace ED's current system. See also *GAPS*

EDExpress EDExpress is an ED-provided software package that schools use to administer the Title IV financial aid programs.

EDconnect Software that serves as the vehicle in which information travels to and from a school over the Title IV Wide Area Network (TIV WAN); the latest version is called Edconn32. See also *Title IV Wide Area Network.*

Edit Checks A series of data tests on financial aid applications run by the Central Processing System (CPS) to report incomplete or inconsistent data on applications. Edit checks are also part of processing an institution's Electronic FISAP (Fiscal Operations Report and Application to Participate) and are part of the William D. Ford Federal Direct Loan Program. See also *Federal Central Processing System (CPS)* and *Verification.*

Education Benefits Funds, primarily federal, awarded to certain students—veterans, children of deceased veterans or other deceased wage earners, and students with physical handicaps—to help finance their postsecondary education. The benefits are awarded without regard to financial need.

Education Savings and Asset Protection Allowance An allowance to protect a portion of family assets when considering assets as part of the Expected Family Contribution (EFC).

Educational Program A postsecondary course of study that generally leads to an academic or professional degree, vocational certificate, or other recognized education credential.

Electronic Access Code (EAC) In order to use Renewal FAFSA on the Web, students must order an EAC. They will be mailed the EAC after ordering it at the web site. The EAC replaces the signature of an independent student. Also used by students to access NSLDS information on the Web.

Electronic Data Exchange (EDE) An ED system that enables institutions to transmit, receive, and correct application data, package student awards, and transmit Federal Pell Grant and William D. Ford Direct Loan payment information via a telecommunications network.

Electronic FISAP (Fiscal Operations Report and Application to Participate) The computer application to continue participating in campus-based programs. See also *FISAP (Fiscal Operations Report and Application to Participate)*.

Electronic Funds Transfer (EFT) See *Automated Clearinghouse (ACH)*.

Eligible Institution A public or private nonprofit institution of higher education, a postsecondary vocational school, or a proprietary institution of higher education that meets all the criteria to continue participating in Title IV student financial aid programs and has been approved by the U.S. Secretary of Education to do so.

Eligible Noncitizen A student aid applicant who is not a U.S. citizen, but is eligible to receive Title IV assistance. Conditions that allow noncitizens to be considered for Title IV funds are listed in *The Federal Student Financial Aid Handbook*, Chapter 2.

Eligible Program An educational program that meets the regulatory requirements for participating in Title IV programs and has been approved by the U.S. Secretary of Education to do so.

Eligible Student The definition of a student eligible to receive federal financial aid from ED is discussed in detail in *Student Financial Aid Handbook: Student Eligibility* and in Subpart C of Section 668 of the Student Assistance General Provisions regulations.

Emergency Action Action taken by ED against an eligible postsecondary institution. This action includes withholding funds from the institution or its students and withdrawing the authority of the institution to obligate federal funds under any or all of the Title IV student aid programs.

Emergency action is taken when ED:

- receives information that the institution is violating applicable laws, regulations, special arrangements, agreements, or limitations;
- determines that the likelihood of loss to the federal government outweighs putting in place limitation, suspension, or termination procedures; and
- determines that immediate action is necessary to prevent misuse of federal funds.

See also *Limitation, Suspension, and Termination (LS&T)* and *Program Participation Agreement (PPA)*.

Employment Expense An allowance in determining the Expected Family Contribution (EFC) for additional expenses relating to employment when both parents are employed or when one parent who qualifies as a surviving spouse or as head of a household under Section 2 of the Internal Revenue Code is employed. See also *Expected Family Contribution (EFC)*.

Endorser An individual who signs a promissory note agreeing to repay a loan if the borrower does not repay it. Compare *Co-Maker*.

Enrolled Completing registration requirements (except payment) at the institution the student is attending and beginning the attendance period *or* submitting one lesson in a correspondence course.

Enrollment Period For the William D. Ford Federal Direct Loan and Federal Family Education Loan (FFEL) Programs, the period of time for which a borrower's loan is intended and during which a student is enrolled.

For a school that uses academic terms (semester, trimester, or quarter) an enrollment period must coincide with one or more terms or with an academic year. For a school that does not use academic terms, an enrollment period must coincide with the length of a student's program of study or an academic year. Compare *Payment Period*.

Enrollment Status At institutions using semesters, trimesters, quarters, or other academic terms and measuring progress in credit hours, enrollment status equals a student's credit-hour course load. At these schools, a full-time undergraduate student enrolls in at least 12 semester hours or
12 quarter hours each term.

At institutions measuring progress in clock hours, enrollment status equals a student's clock-hour course load. At these schools, a full-time student receives at least 24 hours of instruction in one week.

At either type of school, student enrollment may be categorized as full-time, three-quarter-time, half-time, or less-than-half-time.

Entrance Counseling (for student borrowers) Required counseling prior to the first disbursement of SFA program funds that covers the borrower's rights and responsibilities, the terms and conditions of the loan, the average indebtedness of the school's borrowers, and the consequences of default. Compare *Exit Counseling (for student borrowers)*.

Entrance Interview (for an audit) A meeting, prior to the beginning of a financial aid audit, between an auditor and school administrative officials concerning operating rules, an agenda, and a schedule for the on-site work. See also *Audit*. Compare *Exit Interview (for an audit)*.

Estimated Financial Assistance (EFA) The estimated amount of assistance that an institution is aware a student will be awarded or has been awarded in federal, state, or privately supported scholarship, grant, work, or loan programs, including veterans' education benefits and Social Security benefits.

Exit Counseling (for student borrowers) An interview that must take place before the borrower leaves school (Perkins) or ceases at least half-time enrollment (FFEL and Direct Loan) covering the borrower's rights and responsibilities, details about handling loan repayment, and the average indebtedness of the school's borrowers. Borrowers are also required to provide updated personal information, such as address, telephone number, expected employer, and driver's license number (and state where it was issued). See the Handbook for complete information on exit interview requirements. Compare *Entrance Counseling (for student borrowers)*.

Exit Interview (for an audit) A closing meeting, following completion of a financial aid audit, between an auditor and administrative officials during which general audit findings and conclusions are discussed. See also *Audit*. Compare *Entrance Interview (for an audit)*.

Expected Disbursement The sum of all expected Federal Pell Grant payments to a student during an award year.

Expected Family Contribution (EFC) The figure that indicates how much of a family's financial resources should be available to help pay a student's postsecondary education expenses. This figure, determined according to a statutorily defined method known as the Federal Need Analysis Methodology, is used for all students in determining eligibility for federal Title IV student financial aid. Some students will have both primary and secondary EFCs, with the financial aid administrator choosing between the two. See also *Automatic Zero EFC (Expected Family Contribution)* and *Simplified Needs Test Formula*.

-F-

FAFSA (Free Application for Federal Student Aid) See *Free Application for Federal Student Aid (FAFSA)*.

FAFSA Express ED software that permits a student using a computer with a modem to enter FAFSA data and transmit it directly to the CPS.

FAFSA on the Web An on-line version of the FAFSA students can access and complete. It is located at www.fafsa.ed.gov. Now available is Renewal FAFSA on the Web as well. See also *FAFSA*.

FAFSA Processor An organization contracted by ED to process the Free Application for Federal

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Student Aid (FAFSA).

Federal Audit A financial audit conducted by an office or officer of a federal agency, such as a representative from ED's Office of Inspector General.

Federal Capital Contribution (FCC) The portion of a Federal Perkins Loan fund allocated to an institution by the federal government for a specific award year. Compare *Institutional Capital Contribution (ICC)*.

Federal Central Processing System (CPS) ED's Central Processing System (CPS) analyzes information from Free Applications for Federal Student Aid (FAFSAs) and calculates the Expected Family Contributions (EFCs). See also *Edit Checks*, *Federal Output Document*, and *National Student Loan Data System (NSLDS)*.

Federal Direct Consolidation Loan A loan arranged through ED's Direct Loan Servicing Center that combines several federal education loans (including non-Direct loans) into a single loan with one monthly repayment. Compare *Consolidation Loan*.

Federal Direct Loan Program See *Direct Loan Program*.

Federal Direct PLUS Loan Parents may borrow from this education loan program on behalf of their dependent children. Compare *Federal PLUS Loan*.

Federal Direct Stafford Loan (subsidized) On the basis of student financial need, this loan program provides federally financed loans to students who are in undergraduate, graduate, or professional programs. See also *Federal Direct Unsubsidized Stafford Loan*. Compare *Federal Stafford Loan (subsidized)*.

Federal Direct Unsubsidized Stafford Loan This loan program provides federally financed, low-interest loans to students who are in undergraduate, graduate, or professional programs. These loans are not based on financial need and are not government subsidized. The borrower pays the interest charges on the loan on a monthly basis or may allow the interest to accumulate and be capitalized by the lender (no more frequently than quarterly) and added to the loan principal when repayment begins. See also *Capitalizing Interest* and *Federal Direct Stafford Loan (subsidized)*. Compare *Federal Stafford Unsubsidized Loan*.

Federal Family Education Loan (FFEL) Program The FFEL Program is made up of Federal Stafford Loans (both subsidized and unsubsidized), Federal PLUS (parent) Loans, and Federal Consolidation Loans. All of these are long-term loans insured by state or private nonprofit guaranty agencies that are reimbursed by the federal government for all or part of the insurance claims paid to lenders. This government guarantee replaces the collateral or security usually required with long-term consumer loans.

Federal Need Analysis Methodology The statutory formula used to determine the Expected Family Contributions (EFCs) for all students applying for federal Title IV student financial aid. Information on it is found in HEA, Part F. See also *Full Data Element Formula* and *Simplified Needs Test Formula*.

Federal Output Document The Student Aid Report (SAR), SAR Information Acknowledge-ment, and Institutional Student Information Record (ISIR) generated by the Central Processing System (CPS) as a result of processing applicant data on the Free Application for Federal Financial Aid (FAFSA) or Renewal FAFSA.

Federal Pell Grant Payment and Disbursement Schedules Charts published annually by the U.S. Secretary of Education that determine the dollar value of student Federal Pell Grant awards on the basis of students' Expected Family Contributions (EFCs) and schools' costs of attendance (COAs).

Federal Pell Grant Program A grant program for undergraduate students who have not completed a first baccalaureate degree. It is designed to assist students with financial need who are the least able to contribute toward their education expenses. If students apply, meet all the eligibility criteria, and are enrolled in an eligible program at an eligible institution, they will receive Federal Pell Grants.

Federal Perkins Loan Program This campus-based loan program provides low-interest student loans to undergraduate and graduate students with financial need. See also *Campus-Based Programs*.

Federal PLUS Loan Parents may borrow from this education loan program on behalf of their dependent children. Loans are made by lenders such as banks, credit unions, or savings and loan associations. Compare *Federal Direct PLUS Loan*.

Federal Register The government publication, published each weekday (except federal holidays), that prints regulations, regulatory amendments, notices, and proposed regulatory changes for all federal executive agencies. ED sends reprints of excerpts from the *Federal Register* that pertain to federal student financial aid to all institutions participating in federal student financial aid programs.

Federal Stafford Loan (subsidized) A loan program providing federally subsidized, low-interest loans to students in undergraduate, graduate, or professional programs. Subsidized loans are awarded on the basis of student financial need. See also *Federal Stafford Unsubsidized Loan*. Compare *Federal Direct Stafford Loan (subsidized)*.

Federal Stafford Unsubsidized Loan The unsubsidized Federal Stafford Loan Program provides loans to students who do not meet the financial-need criteria for a subsidized Federal Stafford Loan. An unsubsidized Federal Stafford Loan may be substituted for all or part of the Expected Family Contribution (EFC) and is referred to as a "non-need-based" loan. These loans may be borrowed by undergraduate, graduate, and professional students. See also *Federal Stafford Loan (subsidized)*. Compare *Federal Direct Unsubsidized Stafford Loan*.

The Student Financial Aid Handbook An ED publication, now released in sections, that explains procedures schools should follow in administering federal student financial aid (SFA) programs. Some of these procedures are required by laws and regulations, while other procedures are required by the various reporting systems of each Title IV program. The most current edition is *The 1999-00 Student Financial Aid Handbook*.

Federal Student Financial Aid Programs See *Title IV Student Financial Aid*.

Federal Supplemental Educational Opportunity Grant (FSEOG) A campus-based aid program that provides grant assistance to students with financial need who are in undergraduate programs and have not earned a bachelor degree or first professional degree. Priority in awarding Federal Supplemental Educational Opportunity Grant (FSEOG) funds is given to students who have exceptional financial need and are Federal Pell Grant recipients. See also *Campus-Based Programs* and *Carry Back/Carry Forward*.

Federal Work-Study (FWS) Program A campus-based federally funded employment program that provides paid jobs for undergraduate or graduate students who need such earnings to meet a portion of their education expenses. See also *Campus-Based Programs* and *Carry Back/Carry Forward*.

FEDWIRE The U.S. Treasury Department's Financial Communications System (TFCS) Deposit Message Retrieval System (DMRS) uses FEDWIRE for returning funds to ED, including:

- a liability or combination of liabilities totaling $100,000 or more for a prior award year (except for some Federal Perkins Loan liabilities);
- excess cash in, or liquidation of, the Federal Perkins Loan Fund; *and*
- ED-proposed or assessed fines of $100,000 or more.

Fees (institutional) To be an element of a school's cost of attendance (COA), fees must be mandatory, institution-based charges required as part of a student's program of study and charged to all students in that educational program. See also *Cost of Attendance (COA)*.

Final Regulations Federal government operating rules published in the *Federal Register*. Final regulations, which have the force of law, usually take effect 45 days after the date they are published. (However, there are exceptions to the 45-day period because of the master calendar of the Higher Education Act [HEA]). See also *Comment Period, Interim Final Regulations, Notice of Proposed Rulemaking (NPRM)*, and *Master Calendar*.

Financial Aid Award An offer of financial aid or in-kind assistance to a student attending a postsecondary educational institution. This award may be in the form of one or more of the following types of financial aid: a repayable loan, a grant and/or scholarship, or student employment. Examples of in-kind assistance are tuition waivers or fee waivers.

Financial Aid History Data on the Student Aid Report (SAR) or Institutional Student Information Record (ISIR) generated by the National Student Loan Data System (NSLDS) that shows a student's previous financial aid, defaults, and overpayments. Compare *Financial Aid Transcript (FAT)*.

Financial Aid Package An assistance offer by an educational institution to a student aid applicant that consists of one or more forms of financial aid, such as loans, grants, scholarships and/or employment.

Financial Aid Transcript (FAT) A document used by educational institutions to collect data about Title IV aid and other financial aid received by a student at other educational institutions. Institutions must provide financial aid transcripts (FATs) at no charge to students and former students. Compare *Financial Aid History*. See *National Student Loan Data System (NSLDS)*.

Financial Audit See *Audit* and *Independent Audit*.

Financial Need The difference between the institution's cost of attendance (COA) and what the student's family is able to pay—the Expected Family Contribution (EFC). (COA - EFC = Need) See also *Cost of Attendance (COA)* and *Expected Family Contribution (EFC)*.

Financial Responsibility An institution must show that it has the financial responsibility to participate in federal Title IV student aid programs. Financial responsibility covers general standards (as well as exceptions institutions can meet as alternatives). These standards cover ones for for-profit, nonprofit, and public institutions and cover the past performance of an institution or persons affiliated with an institution. For further information, refer to 34 CFR, Section 668.15, of the Student Assistance General Provisions and Chapter Two of *The Blue Book*.

Financial Statement A report prepared at the end of a school's fiscal year that provides an overview of the institution's financial activities for that fiscal year. Financial statements are audited by a Certified Public Accountant (CPA) and submitted to the U.S. Department of Education in accordance with applicable regulations. See also *Audit* and *Independent Audit*.

First-Time Student A student who has not previously attended at least one class at the institution or who received a 100 percent refund of his or her tuition and fees (less any permitted administrative fee) under the institution's refund policy for previous attendance at the institution. A student remains a first-time student until the student either withdraws, drops out, or is expelled from the institution after attending at least one class *or* completes the period of enrollment for which he or she has been charged.

FISAP (Fiscal Operations Report and Application to Participate) See *Electronic FISAP (Fiscal Operations Report and Application to Participate)*.

Forbearance (on a loan) A lender's option of allowing a *temporary* cessation of payments of subsidized or unsubsidized Federal Stafford, Federal PLUS, or Federal Direct Loans *or* allowing an extended period for making payments *or* accepting smaller payments than were previously scheduled. Forbearance may be given for circumstances that are not covered by deferment. Interest continues to accumulate during forbearance. Compare *Deferment (of a loan)*.

William D. Ford Federal Direct Loan Program See *Direct Loan Program*.

Form G-8455 A form a school submits to the U.S. Immigration and Naturalization Service (INS) for "Secondary Confirmation" to confirm that an alien noncitizen's documentation is valid for Title IV eligibility purposes. See *Eligible Noncitizen*.

Forward Funding At the federal level, the congressional funds appropriation in the fiscal year prior to the award year in which they will be disbursed. For example: the amount of public funds Congress allocates to Federal Pell Grant and campus-based funds in 1998 to be used in the 1999-2000 award year.

Free Application for Federal Student Aid (FAFSA) This ED input document is the foundation for all Title IV need analysis computations. The application form is completed by the student and his or her family. It gathers data to calculate the Expected Family Contribution (EFC), which is used to determine eligibility for Federal Pell Grant, campus-based, Federal Stafford Loan, and Federal Direct Loan awards. See also *FAFSA Express, FAFSA on the Web, Renewal FAFSA, Expected Family Contribution (EFC),* and *Need Analysis.*

Full Data Element Formula A formula that uses the full range of data elements in calculating a student's Expected Family Contribution (EFC) under the Federal Need Analysis Methodology. Also called the "regular formula." See also *Expected Family Contribution (EFC).*

Full-Time Student A term defined by each institution of higher education. For Title IV student aid eligibility, however, a full-time undergraduate student cannot be taking fewer than 12 semester, trimester, or quarter hours per academic term in institutions with standard academic terms or fewer than 24 clock hours per week in institutions that measure progress in clock hours.

-G-

General Education Development (GED) Certificate A nationally recognized equivalent of a high school diploma granted after a student has passed a standardized examination.

General Institutional Eligibility Requirements Federal regulations governing institutional eligibility to apply to participate in Title IV programs.

General eligibility requirements are established by statutory definition and refer to:

- location,
- student admissions policy,
- authorization to provide a postsecondary educational program,
- accreditation,
- types, lengths, and levels of educational programs within the institution,
- the institution's type,
- the institution's control, and
- how long the institution has existed

Gift Aid Financial aid that a student is not required to repay or earn through employment. Generally, gift aid is in the form of a grant or scholarship. Compare *Self-Help Aid.*

Grace Period The time period that begins the day after a loan recipient ceases to be enrolled at least half time and ends the day before the repayment period starts.

Graduate or Professional Student Student enrolled in a program that leads to a degree higher than a baccalaureate or to a first professional degree. A graduate or professional student must have completed at least three years of full-time study at an institution of higher education and may not be concurrently receiving Title IV aid as an undergraduate student.

Grant (programs) Gift-aid programs that require neither repayment nor work from students. Federal Title IV grant programs include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), and Leveraging Educational Assistance Partnership (LEAP) Programs. See also *Gift Aid.*

Guaranty Agency A state agency, *or* a private, nonprofit institution, *or* an organization that administers federal student financial aid programs under the Federal Family Education Loan (FFEL) Program. One major function is to insure Federal Family Education Loans. Guaranty agencies are reimbursed by the federal government for all or part of the insurance claims they pay to lenders on distributed loans.

Guaranty Fee See *Insurance Premium.*

-H-

Half-Time Student For the Federal Family Education Loan (FFEL) Program, a half-time student is one who is carrying a half-time academic workload (as determined by the school) that equals at least one-half the workload of a full-time student.

For the remaining Title IV programs, a student is considered half time by carrying a half-time academic workload (as determined by the school), generally equaling or exceeding the following minimum requirements:

(a) 6 semester, trimester, or quarter hours per academic term for an institution using standard terms;

(b) 12 clock hours per week for schools using clock-hour measurement;

(c) 12 semester hours or 18 quarter hours per academic year for an institution using credit hours to measure progress but not using standard academic terms; *or*

(d) enrollment in an eligible correspondence program requiring at least 12 hours of preparation per week.

Hand Calculation On-campus calculation (manual or by computer program) of the Expected Family Contribution (EFC), in contrast to the official EFC calculation provided by the Central Processing System (CPS).

Higher Education Act of 1965, as amended (HEA) Legislation passed in 1965, as well as all subsequent amendments and reauthorizing legislation of the statute (most recently in 1998). Title IV of the HEA authorizes the majority of the nation's federal postsecondary student financial aid programs and mandates that they be regulated and administered by the U.S. Secretary of Education. The HEA is effective for approximately five years, requiring Congress to reauthorize it about every five years or to extend the legislation for up to one additional year. The statute's most current version, as amended, always stands as the official version of the law. See also *Reauthorization* and *Title IV Student Financial Aid*.

-I-

Immediate Need A school requests funds to meet its "immediate need" for disbursing Federal Pell Grant and campus-based program awards. For schools under Automatic Clearinghouse/Electronic Funds Transfer (ACH/EFT), "immediate need" is three business days. Under ACH/EFT, recipients request funds as needed, for example, every three days, once a week, or whatever is appropriate. See also *Automated Clearinghouse (ACH)*.

Incarcerated Student For purposes of institutional eligibility, a student serving a criminal sentence in a federal, state, or local correctional facility. For purposes of Pell Grant eligibility, a student serving a criminal sentence in a federal or state facility only. A student in a less formal arrangement, such as a halfway house, home detention, or sentenced to serve weekends only, is not considered to be incarcerated.

Income Protection Allowance An allowance for the basic costs of maintaining family members at home and in college that is taken into account when considering family income as part of the Expected Family Contribution (EFC).

Independent Audit An audit conducted by an independent public accountant (IPA), as defined by the audit standards of the U.S. General Accounting Office, who has been hired by the institution. Also called a "nonfederal audit." See also *Audit* and *Independent Public Accountant (IPA)*.

Independent Public Accountant (IPA) An accountant who is a Certified Public Accountant (CPA) or state auditor, *or* an accountant who was licensed before December 31, 1970 who meets the audit independence standards of the U.S. General Accounting Office. See also *Independent Audit*.

Independent Student To be classified as an independent student for federal Title IV financial aid, a student must meet one or more of the following criteria:

(a) be at least 24 years old by December 31 of the award year for which aid is sought;

(b) be an orphan or ward of the court until the age of 18;

(c) be a veteran of the Armed Forces of the United States;

(d) have legal dependents other than a spouse (for example, dependent children or an elderly dependent parent);

(e) be a graduate or professional student;

(f) be married; or

(g) be deemed independent by the school's financial aid administrator.

Compare *Dependent Student*.

Information for Financial Aid Professionals (IFAP) ED's web site containing publications, Dear Colleague letters, new information, and other features. The site is http://ifap.ed.gov.

Information Summary Part 1 of the Student Aid Report (SAR). This section informs students of their eligibility for a Federal Pell Grant and shows the student's Expected Family Contribution (EFC). The Information Summary can become a part of the student's financial aid file. See also *Student Aid Report (SAR)*.

In-House Control Documents Documents a school uses to meet recordkeeping requirements for federal financial aid programs, provide data needed for aid-related reports, and maintain a clear audit trail.

Institution of Higher Education A public or private nonprofit educational institution located in a state, that:

(a) admits as regular students only persons with a high school diploma (or its recognized equivalent) or persons beyond the age of compulsory elementary/secondary school attendance in the state where the institution is located;

(b) is legally authorized, in the state where it offers postsecondary education, to provide a postsecondary educational program;

(c) provides a program leading to an associate, baccalaureate, graduate, or professional degree, or at least a two-year program that is acceptable for full credit toward a bachelor's degree or at least a one-year training program that leads to a degree or certificate and prepares students for gainful employment in a recognized occupation;

(d) is a public institution or a private nonprofit institution to which contributions are tax deductible under section 501(c)(3) of the Internal Revenue Code; and

(e) is accredited or preaccredited by a nationally recognized accrediting agency or association or is a public "postsecondary vocational school" approved by a state agency listed by ED as a reliable authority on the quality of public postsecondary vocational education in that state.

See also *Postsecondary Vocational Institution* and *Proprietary Institution of Higher Education*.

Institutional Capital Contribution (ICC) The portion of a school's Federal Perkins Loan fund contributed by the institution. Loans made with the Federal Capital Contribution (FCC) must consist of Institutional Capital Contribution (ICC) equal to at least one-third (33 1/3 percent) of the new Federal Capital Contribution amount *or* one quarter (25 percent) of the combined FCC *plus* ICC. Compare *Federal Capital Contribution (FCC)*.

Institutional Eligibility Notice A letter sent to an institution by ED's Institutional Participation and Oversight Service (IPOS) designating the institution as eligible to apply to participate in federal student financial aid programs. See also *Institutional Participation and Oversight Service (IPOS)* and *Program Participation Agreement (PPA)*.

Institutional Liability Financial penalties or repayments that an institution must pay to ED as a result of incorrect institutional action or actions.

Institutional Participation and Oversight Service (IPOS) The division in ED responsible for determining the eligibility of postsecondary institutions to participate in federal student financial aid programs and maintaining oversight of institutions participating in federal student financial aid programs. See also *Institutional Eligibility Notice*.

Institutional Student Information Record (ISIR) The Institutional Student Information Record (ISIR) is generated by ED's Central Processing System (CPS) and is available to schools through the Electronic Data Exchange (EDE) in the form of Full Data Tapes or Full Data Magnetic Disks. The ISIR includes full applicant data, information on reject reasons, comments, and assumptions. See *Student Aid Report (SAR)*.

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Institution's Aid Disbursement/ Delivery Policy A policy specifying the earliest dates in each payment period that a school will credit aid to accounts and/or deliver aid as direct payments to students.

Institution's Aid Priority Policy A recommended written school policy clearly specifying the order in which financial aid awards will be applied to cover students' institutional charges.

Institution's Refund Policy Each school must have a refund policy that states the amount or percentage of charges to be cancelled for students who terminate their enrollment prior to the end of a payment period. Under the law, a school's policy must provide a refund of the [school's] unearned tuition, fees, room and board, and other charges assessed a student who received Title IV assistance (including Federal PLUS and Federal Direct PLUS Loans received by parents on a student's behalf and excluding Federal Work-Study funds). Such refunds must be provided for students who do not complete the attendance period for which the Title IV aid was intended.

Institution's Repayment Policy A school's consistently applied policy on the amount of non-institutional, education-related expenses incurred by students for a payment period.

Insurance Premium An insurance fee charged a lender by a guaranty agency. The fee is usually passed along to the borrower. In most cases, a lender reduces the amount of the loan disbursement by the fee amount; however, a student is still responsible for repaying the entire amount of the loan. Also known as a guaranty fee. See also *Loan Fee* and *Origination Fee*.

Interest (subsidized) The interest (subsidy) payment covered by ED on a subsidized student loan on a borrower's behalf. ED covers the payments for certain specific periods, such as during the borrower's enrollment (at least half time), the grace period, or any deferment period. An interest subsidy *is paid* to lenders of subsidized Stafford Loans during qualifying periods; the borrower *is not charged* interest on subsidized Direct Loans during qualifying periods.

Interest Benefits The interest (benefit) payments made by ED to a Federal Stafford Loan lender on behalf of a student. These payments are made by ED at the student's Federal Stafford Loan interest rate, but only during certain periods: the student's enrollment (at least half time), the grace period, or any authorized deferment.

Interim Disbursement A single first disbursement of Federal Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), and/or Federal Perkins Loan funds to a student who has not completed application verification. The institution is responsible for recovering payment if the student never completes verification or if the amount for which the student is deemed eligible lessens as a result of verification. Interim disbursements are made at the discretion of the institution; they are optional.

Interim Final Regulations Regulations, published in the *Federal Register*, that have the effect of law when published. Interim final regulations often are created when there is need for quick action responding to newly passed legislation. They may also be issued, pending further policy review, after a Notice of Proposed Rulemaking (NPRM) elicits comments that raise new policy questions. Compare *Final Regulations* and *Notice of Proposed Rulemaking (NPRM)*.

-J-

Job Location and Development (JLD) Program Under the Job Location and Development (JLD) Program, an institution can use up to 10 percent or $50,000 (whichever is less) of its annual Federal Work-Study (FWS) Program allocation to expand off-campus job opportunities, including community-service jobs (CS/JLD), for its currently enrolled students. Jobs may be in either profit or nonprofit settings. Students in this program do not have to meet FWS criteria, show financial need, or meet other Title IV student eligibility criteria. See also *Federal Work-Study (FWS) Program*.

-K-

No entries

-L-

Legislative Amendment A revision or change in a legislative measure that adds, deletes, or modifies a law's text.

Leveraging Educational Assistance Partnership (LEAP) Program A grant program involving both federal and state money; formerly the SSIG Program. See also *SLEAP*.

Limitation, Suspension, or Termination (LS&T) Actions undertaken by ED against a postsecondary institution that has either:

- violated the laws or regulations of Title IV student financial aid programs, its Program Participation Agreement, or any other agreement made under law or regulations; or
- substantially misrepresented the nature of its educational program, its financial charges, or the employability of its graduates.

These ED actions against the institution may include proceedings on limitation, suspension, or termination (LS&T) of the school's participation in federal student financial aid programs; the assessment of fines of up to $25,000 for each statutory or regulatory violation; and/or implementing emergency action.

- A limitation means the postsecondary institution agrees to abide by certain specific restrictions or conditions in its administration of student financial aid programs so that it can continue to participate in any of those programs. A limitation lasts for at least 12 months and, if a postsecondary institution fails to abide by the conditions of the limitation, termination proceedings may be initiated.
- A suspension removes an institution from participating in Title IV programs for a period not to exceed 60 days, unless a limitation proceeding has begun. Suspension actions are used when a postsecondary institution can be expected to correct a program violation in a short time.
- A termination ends a postsecondary institution's participation in Title IV programs.

A terminated institution can be reinstated at a later date by ED to participate in Title IV programs. In general, however at least two years (24 months) must elapse from the school's termination before an institution can request reinstatement. See also *Emergency Action* and *Program Participation Agreement (PPA)*.

Loan An advance of funds guaranteed by a signed promissory note in which the recipient of the funds promises to repay a specified amount under prescribed conditions.

Loan Disclosure Statement A statement sent to a borrower by the lender before or at the time it disburses a loan, and again before the start of the repayment period. The purpose of the disclosure is to provide the borrower with thorough and accurate information about the loan terms and the consequences of default. The statement includes information such as:

- amount of the loan,
- interest rate,
- fee charges,
- length of the grace period (if any),
- the maximum length of the repayment period,
- the minimum annual repayment amount,
- deferment conditions, and
- the definition of default.

Loan Fee A loan expense charged the borrower by the lender; it is deducted proportionately from each loan payment paid to the borrower. See also *Insurance Premium* and *Origination Fee*.

-M-

Master Calendar To assure adequate notification about and timely delivery of federal student financial aid, ED operates using a master calendar defined in the Higher Education Act (HEA). This calendar gives specific dates by which federal forms will be developed and distributed, as well as dates campus-based funds will be allocated and Federal Pell Grant funds will be authorized for an award year. The master calendar determines the dates that federal financial aid regulations must be published.

Master Promissory Note A note that allows a school to obtain a student's signature once for all disbursements for his/her entire enrollment at the school; used for Federal Direct Loans and Federal Family Education Loans (FFELs). See also *Promissory Note*

Matching (Fund) Requirement See *Nonfederal Share.*

Multiple Reporting Record (MRR) Automatically sent to schools by the Recipient and Financial Management System (RFMS) when a student attends two or more schools in the same award year and those schools submit Pell Grant disbursement records for that student; used to prevent overpayments to the student. See also *RFMS,* and *Disbursement Record.*

-N-

Nationally Recognized Accrediting Agency or Association An independent organization that monitors school practices and that certifies or approves schools to operate and offer certain programs of study. These organizations must be approved by the U.S. Secretary of Education for schools participating in federal student financial aid programs. See also *Accredited Institution, Accrediting Agency,* and *Preaccredited Institution.*

National Student Loan Data System (NSLDS) An ED database established to collect and maintain student loan information from guaranty agencies, lenders, institutions, and ED's program and Title IV default file. Information on all students who previously borrowed under Title IV programs is also maintained in the database. See also *Student Status Confirmation Report (SSCR).*

Need The difference between a school's cost of attendance (COA, also called a student budget) and a student's Expected Family Contribution (EFC). (COA-EFC = student financial need.)

Need Analysis The statutorily defined method for determining Expected Family Contributions (EFCs) for all students applying for federal student financial aid. See also *Cost of Attendance (COA), Expected Family Contribution (EFC),* and *Federal Need Analysis Methodology.*

Need-Based Assistance Any form of financial aid awarded on the basis of demonstrated financial need. Need is established by subtracting a student's Expected Family Contribution (EFC) from the school's cost of attendance (COA). (COA - EFC = student financial need.)

Negotiated Rulemaking A process by which a government agency convenes meetings to discuss proposed regulatory matters with appropriate constituent groups. ED's Office of Postsecondary Education (OPE) convenes representatives of various groups involved in delivering and administering federal student financial aid programs. During the public meetings, held in various regions of the country, the contents of proposed regulations are discussed/negotiated prior to the U.S. Secretary of Education publishing notices of proposed rulemaking (NPRMs) and/or final regulations.

Nonfederal Audit See *Audit* and *Independent Audit.*

Nonfederal Share The portion of Title IV campus-based program funds that a school must contribute from a nonfederal source (usually the portion comes from the school itself). For 1997-98, a nonfederal source must contribute at least one-third (33 1/3 percent) of the federal contribution to the school's Federal Perkins Loan fund; one quarter (25 percent) of Federal Work-Study (FWS) awards; and one quarter (25 percent) of the Supplemental Educational Opportunity Grant (FSEOG) awards.

Notice of Proposed Rulemaking (NPRM) Notice printed in the *Federal Register* of proposed regulations from a government agency, such as ED. Publishing a notice of proposed rulemaking (NPRM) begins an official comment period (which is usually 45 days or 60 days long, but may range from 30 days to 120 days in length) during which interested parties are invited to submit comments about the proposed regulations. Compare *Final Regulations* and *Interim Regulations.*

-O-

Off-Campus Agency An external agency that employs a school's Federal Work-Study (FWS) student(s) and pays the nonfederal share of the wages. See also *Federal Work-Study (FWS).*

Official Notice of Funding A computer-generated letter a school receives from ED that lists the final allocation amounts for each federal campus-based student financial aid program the school administers. The notice, which ED must send by April, notifies the school of the allocation amounts it will receive for the upcoming award year, which begins the following July 1.

One-Academic-Year Training Program A program consisting of at least 24 semester/trimester hours or 36 quarter hours at institutions using credit hours to measure progress; 900 clock hours of supervised training at an institution using clock hours to measure academic progress; or 900 clock hours in a program of study by correspondence. The program must include at least 30 weeks of instructional time.

Origination Fee A cost of borrowing a loan calculated as 3 percent of the loan principal borrowed under any Federal Family Education Loan (FFEL) Program loan and charged to the student by the lender. This fee is usually subtracted from the student loan amount before the student receives the loan money. See also *Insurance Premium* and *Loan Fee.*

Origination Record Schools must submit one to ED's Recipient and Financial Management System (RFMS) for each student who will receive Pell Grant funds in a given award year. See also *RFMS, Disbursement Record.*

Overaward The condition that exists when an institution awards financial assistance to a student that, in combination with all of the resources made available to that student from federal and nonfederal sources, exceeds the difference between the student's cost of attendance (COA) and the Expected Family Contribution (EFC).

Overpayment Any financial aid amount paid to a student in excess of the amount the student is entitled to receive. This situation may arise due to a student's change in enrollment status, withdrawal, or change in financial situation. In any of these instances, the student would be required to repay excess funds received unless adjustments could be made to the student's aid during subsequent payment periods within the same award year. See also *Repayment* and *Repayment Allocation Policy.*

-P-

Packaging The process of assembling one or more financial aid awards of loans, grants and/or scholarships, and employment for a student; also referred to as award packaging.

Parents' Contribution A quantitative estimate, according to the Federal Need Analysis Methodology, of parents' ability to contribute to postsecondary education expenses of their dependent child. See also *Expected Family Contribution (EFC).*

Payment and Disbursement Schedules See *Federal Pell Grant Payment and Disbursement Schedules.*

Payment Period The length of time for which all Title IV financial funds (except for Federal Work-Study) is paid to students. It is defined in 34 CFR, Section 668.4 of the Student Assistance General Provisions and depends on whether the school's academic program is (1) term-based, credit hour or (2) nonterm, credit/clock hour.

Policies and Procedures Manual A manual an institution develops that helps effectively and consistently manage financial aid using a compilation of written policies and procedures.

Postscreening A process through which schools are sent new ISIRs for students whose loan data changes. A school is required to check any ISIRs it receives to ensure that the student in question has not defaulted on an SFA loan.

Postsecondary Institution An educational institution providing education beyond the high school level. The term is used to refer to trade and technical schools, as well as to two-year colleges, community colleges, and four-year colleges and universities.

Postsecondary Vocational Institution
An educational institution that:

(a) admits as regular students only persons with a high school diploma (or its recognized equivalent) or persons beyond the age of compulsory school attendance in the state where the institution is located;

(b) is legally authorized, by the state where it offers postsecondary education, to provide a postsecondary educational program;

(c) provides at least a six-month program, leading to a degree or certificate, that prepares students for gainful employment in a recognized occupation;

(d) is a public institution or a private nonprofit institution to which contributions are tax deductible under section 501(c)(3) of the Internal Revenue Code;

(e) is accredited or preaccredited by a nationally recognized accrediting agency or association or is a public postsecondary vocational institution approved by a state agency listed by ED as a reliable authority on the quality of public postsecondary vocational education in that state; and

(f) has been giving instruction for at least two years.

See also *Institution of Higher Education* and *Proprietary Institution of Higher Education.*

Preaccredited Institution An interim status granted by a nationally recognized accrediting agency or association to an unaccredited public or private nonprofit institution that is expected to receive accreditation within a reasonable time period. See also *Accredited Institution, Accrediting Agency,* and *Nationally Recognized Accrediting Agency or Association.*

Principal and Interest Principal is the loan amount borrowed. Interest is the amount the lender charges the borrower for using the money. Loan payments are applied to interest first and principal second.

Prior Year Recoveries Funds a school recovers in a given award year from financial aid money disbursed in prior award years. Institutions must adjust award expenditures and administrative cost allowances (ACAs) in award years in which recoveries are made. See also *Administrative Cost Allowance (ACA).*

Program Authorization See *Authorization (legislative)* and *Authorization (spending).*

Program Determination Letter (PDL) An official letter sent to a school by ED as a final result of an audit or program review. The letter outlines any specific steps the school must take to reimburse ED for improperly spent funds, adjust both institutional and ED records and reports, and assure compliance with federal student financial aid program regulations.

Program Participation Agreement (PPA) A written agreement that must be signed by both a top official at an institution and on behalf of the U.S. Secretary of Education that permits the institution to participate in one or more federal student financial aid programs (other than the Leveraging and Educational Partnership [LEAP] Program). See also *Emergency Action; Limitation, Suspension, or Termination (LS&T);* and *Institutional Eligibility Notice.*

Program Review An assessment by ED of an institution's compliance with federal laws and regulations and its own school policies.

Program Review Exceptions Institutional policies, procedures, or actions related to federal student financial aid programs cited in a program review report as being contrary to federal laws or regulations that govern the programs. Also referred to as findings.

Promissory Note A legally binding contract between a lender and a borrower that contains the terms and conditions of the loan, including how the loan must be repaid. See also *Master Promissory Note.*

Proprietary Institution of Higher Education An educational institution other than a public or private nonprofit institution located in a state that:

(a) admits as regular students only persons with a high school diploma (or its recognized equivalent) or persons beyond the age of compulsory school attendance in the state where the institution is located;

(b) is legally authorized, by the state where it offers postsecondary education, to provide a postsecondary educational program;

(c) provides at least a six-month program of training, leading to a degree or certificate, that prepares students for gainful employment in a recognized occupation;

(d) is accredited by a nationally recognized accrediting agency or association;

(e) has been giving postsecondary instruction (and has been legally authorized to give postsecondary instruction) for at least two years; and

(f) has at least 15 percent of its revenues derived from non-Title-IV funds.

See also *Institution of Higher Education* and *Postsecondary Vocational Institution.*

-Q-

Quality Assurance Program An ED quality-control program with an oversight strategy that focuses on results. Within established parameters, Quality Assurance Program (QAP) participants develop their own procedures for achieving award accuracy, measure the effectiveness of their systems, and design and target corrective actions through continuous improvement efforts.

Quarter A standard academic term, usually 10 to 15 weeks in length. At institutions using quarters to measure student progress, an academic year is defined as the time period in which a full-time student is expected to complete the equivalent of three quarters. (For fiscal reporting, quarters in the federal student financial aid award year are July-September, October-December, January-March, and April-June.) See *Academic Year (AY).*

-R-

Reauthorization The process of continuing and changing legislation because the existing law is expiring and needs to be reenacted. It is conducted every five to seven years in the case of the Higher Education Act (HEA). (1998 was the most recent HEA reauthorization See also *Higher Education Act of 1965, as amended (HEA).*

Recipient Data Exchange (RDE) A computer-system procedure for transmitting Federal Pell Grant payment data between an institution and ED using machine-readable magnetic tape.

Recognized Occupation An occupation that is either listed in an "occupational division" in the latest edition of the *Dictionary of Occupational Titles* published by the U.S. Department of Labor or is recognized by the U.S. Secretary of Education in consultation with the U.S. Secretary of Labor.

Reconciliation of Cash A confirmation that the cash amount shown in a school's accounting records agrees with the cash amount reported in the school's bank statement.

Reconciliation of Federal Funds Balancing a school's records of federal funds received, expended, and returned against ED's records.

Refund This often refers to the portion of funds credited to a student's school account to cover institutional charges that a school returns to ED, a lender, or the student, if the student withdraws from, is expelled from, or drops out of school. If the student received any federal student financial aid (other than Federal Work-Study), by law, a part of the refund must go to those programs. "Refund" also can mean the return of interest or excess cash to ED from GAPS drawdowns or the return of audit and program review liabilities and fines. See also *Timely Processing of Refunds and Repayments.*

Refund Policy A "fair and equitable" policy that ensures a refund that is at least as much as the amount derived using:

(1) the requirements of applicable state law,

(2) the refund requirements established by the school's nationally recognized accrediting agency and approved by ED, *or*

(3) the statutory *pro rata* refund calculation defined by the Higher Education Amendments of 1992.

Regular Student A person enrolled or accepted for enrollment in an eligible program at an eligible postsecondary institution for the purpose of obtaining a degree or certificate offered by that institution.

Reimbursement Payment Method A method in which the institution makes payments to students in advance of receiving the funds from ED. See also *Automated Clearing House (ACH)*

Renewal FAFSA A pre-printed application form mailed to the student or his/her school by the CPS that must be updated for the student to be eligible for federal student financial aid. Also available on the web. See also *Free Application for Federal Student Aid (FAFSA)*.

Repayment Funds owed when the cash disbursement (excluding Federal Work-Study [FWS], Federal Direct Loans, and FFEL Program loans) to a student was greater than the amount of the student's living expenses before the student withdrew from school. See also *Distribution Formula*, *Overpayment*, and *Timely Processing of Refunds and Repayments*.

Repayment Allocation Policy A policy a school must develop that specifies the order in which federal student financial aid repayments will be returned to the federal financial aid programs from which they were received. Allocating repayments is statutorily prescribed by the Higher Education Act (HEA). While an institution may determine its own allocation priorities, under no circumstances may a repayment to a particular aid program exceed the amount the student received from that program. See also *Distribution Formula*, *Overpayment*, and *Repayment*.

Repayment Period The period during which a borrower (student or parent) is scheduled to repay a student loan.

Repayment Plan The *overall timetable* by which a borrower is to pay back a student loan, which may include a standard repayment plan, an extended repayment plan, a graduated repayment plan, or an income-contingent or income-sensitive repayment plan. See also *Repayment Schedule*.

Repayment Schedule The *specific timetable*, using the borrower's repayment plan as its basis, that details the amount of loan principal and interest due in each repayment installment and the number of payments that will be required to pay off the loan in full. Additionally, a repayment schedule traditionally lists the loan's interest rate, the due date of the first loan payment, and the frequency of loan payments. See also *Repayment Plan*.

Resident Student A student who lives on campus or in housing owned and/or maintained by the institution.

Room (as in "room and board") The cost of a student's on-campus housing or off-campus housing. See also *Board*.

-S-

Satisfactory Academic Progress (SAP) A measure of whether a student is progressing adequately toward completion of his or her course of study. It is determined in terms of grade point average and course completions.

Scheduled Award The Federal Pell Grant amount that would be paid to a full-time student for a full academic year.

Scheduled Cash Payment The total institutional cost for a student minus the total aid paid to institutional costs for the payment period.

Secondary EFC See *Expected Family Contribution (EFC)*.

Secondary Markets Purchasers of student loan notes, such as the Student Loan Marketing Association (Sallie Mae) or other institutions. In this process, loan (promissory) notes are purchased for the face value of a multi-loan portfolio or at a negotiated price.

Once sold, the secondary-market purchaser becomes the holder of the loan notes and has total responsibility for future loan servicing and assuring that the loans are repaid. In addition to Sallie Mae, there are approximately 30 secondary markets operating at state or regional levels; a number of commercial lenders also purchase loans.

Self-Evaluation A school's regularly scheduled in-house evaluation of the way it administers its student financial aid program.

Self-Help Aid Student financial aid loan programs or employment-opportunity programs awarded to students. Compare *Gift Aid*.

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Separation of Functions As part of administering federal student financial aid programs, a school is required to establish and maintain a check-and-balance internal-control system ensuring that no single school office can both authorize payments and disburse funds to students. Often this required separation is created by dividing the functions between the school's financial aid office and the school's business office.

Simplified Needs Test A part of the Federal Need Analysis Methodology, it ignores assets in calculating a student's Expected Family Contribution (EFC).

For the 1999-00 award year, a dependent student qualifies for the simplified EFC formula if all of the following are true:

- the student's parents filed or are eligible to file a 1997 IRS Form 1040A or 1040EZ (meaning they are not required to file a 1997 IRS Form 1040) or the parents are not required to file any income tax return; and

- the student filed or is eligible to file a 1998 IRS Form 1040A or 1040EZ (meaning he or she is not required to file a 1998 IRS Form 1040) or he or she is not required to file any income tax return; and

- the 1998 income of the student's parents from one of the two sources below is $50,000 or less (excluding any income of the dependent student)—

  ◊ the parents' adjusted gross income from the 1998 IRS Form 1040A or 1040EZ, or

  ◊ for parents who are not tax filers, the income shown on the 1998 W-2 forms of both parents (plus any other earnings from work not included on the W-2s).

For the 1999-00 award year, an independent student qualifies for the simplified EFC formula if both of the following are true:

- the student filed or is eligible to file a 1998 IRS Form 1040A or 1040EZ (meaning he or she is not required to file a 1998 IRS Form 1040), income tax return; and

- the student's (and spouse's) 1998 income from one of the two sources below is $50,000 or less—

  ◊ the student's (and spouse's) adjusted gross income from the 1998 IRS Form 1040A or 1040EZ, or

  ◊ for non-tax filers, the income shown on the student's (and spouse's) 1998 W-2 forms (plus any other earnings from work not included on the W-2s).

See also *Federal Need Analysis Methodology*. Compare *Full Data Element Formula*.

Site Visit A visit to a school during which an independent auditor, nationally recognized accrediting agency, state agency, or ED seeks to understand the school's physical plant, enrollment, student financial aid application process, and methods of monitoring student attendance. See also *Independent Audit* and *Nationally Recognized Accrediting Agency or Association*.

Six-Month Program An instructional program consisting of at least 16 semester or trimester hours or 24 quarter hours at an institution that uses credit hours to measure progress; 600 clock hours of supervised training at an institution that uses clock hours to measure progress;
600 clock hours in a correspondence program; or a program that the U.S. Secretary of Education determines to be a six-month program on the basis of the Secretary's agreement plus certification by the institution's nationally recognized accrediting agency or association that the program is equivalent in course content and student workload to a comparable six-month credit-hour or clock-hour program.

Skip Tracing The process of searching for a borrower's address and telephone number for the purpose of collecting an outstanding student loan. Any information found in the borrower's school file may be used.

Source Document When estimating a student budget to use in determining cost of attendance (COA) at a school, this is the original supporting data for an item's cost or estimated cost and/or back-up material detailing why a certain expense decision was made or a specific dollar value was selected.

See also *Cost of Attendance (COA).*

Special Allowance A percentage of the average unpaid principal balance paid by ED to the lender of a FFEL Program loan. In effect, ED pays extra interest on the loan to the lender in addition to the basic interest charged on subsidized loans. This amount makes up the difference between the rates charged to FFEL Program borrowers and market interest rates. The amount of the special allowance is set by a statutory formula using 91-day Treasury bill rates.

Special Leveraging Educational Assistance Partnership (SLEAP) Program Variation on the LEAP Program. See *LEAP.*

Stafford Loan A student loan under the Federal Direct Student Loan Program or the Federal Family Education Loan Program. See *Federal Direct Stafford Loan, (subsidized), Federal Direct Unsubsidized Stafford Loan, Federal Stafford Loan,* and *Federal Stafford Unsubsidized Loan.*

Statement of Educational Purpose A statement on the FAFSA that the student must sign in which he/she agrees to use federal student financial aid solely for education expenses.

State Student Incentive Grant (SSIG) Former name of a need-based, gift-aid program jointly funded by the federal government and participating states. *See LEAP or SLEAP.*

Student Aid Master Record An institutional record containing information for an in-school student for each award year. The institution records all basic information relating to all student aid programs, including institutional and other aid programs, on the master record.

Student Aid Report (SAR) The report sent directly to a student from ED's Central Processing System (CPS) that summarizes the information submitted on a student's Free Application for Federal Student Aid (FAFSA) and provides financial-need calculations (including the student's Expected Family Contribution [EFC]) on the basis of these submitted figures.

The SAR includes:

- the Student Information Summary;
- the Information Review Form (IRVF) *or* the Information Request Form (IRQF); and
- financial aid history.

See also *Institutional Student Information Record (ISIR),* and *Student Aid Report (SAR) Information Acknowledgment.*

Student Aid Report (SAR) Information Acknowledgment A non-correctable Student Aid Report (SAR) sent to students who transmit the Free Application for Federal Student Aid (FAFSA) electronically through their school. See *EDExpress.*

Student Budget See *Cost of Attendance* and *Source Document.*

Student Contribution The dollar figure a student is expected to contribute toward postsecondary education costs from base-year income (taxed and untaxed) and assets. This amount is determined by analyzing the student's income and assets in tandem with provided allowances designed to ensure that the student actually can contribute the necessary expenses. See also *Assets, Base Year (for financial aid awards), Taxed Income,* and *Untaxed Income.*

Student Financial Aid Programs (SFA Programs) Another term for Title IV student financial aid programs.

Student Loan Reform Act of 1993 (SLRA) Federal legislation modifying the Higher Education Act (HEA); it was enacted on August 10, 1993. It created the Federal Direct Student Loan Program (since renamed the William D. Ford Federal Direct Loan Program) and eliminated the Federal Supplemental Loans for Students (SLS) Program. See also *Higher Education Act of 1965, as amended (HEA).*

Student Status Confirmation Report (SSCR) A National Student Loan Data System (NSLDS) report that is sent electronically to educational institutions at least twice a year. It lists all the Direct Loan and FFEL Program Loan borrowers at the institution who:

(a) have loans guaranteed by a guaranty agency and

(b) were last reported as enrolled at the school.

The institution is required to provide guaranty agencies with certain enrollment information about each of their borrowers. Lenders use the SSCRs as a monitoring device to help determine when student borrowers are required to begin repaying their student loans.

Supplemental Allocation An additional allocation of available funds for one or more campus-based programs that may be given to a school on the basis of the school's need for additional funds. Supplemental allocations are made after some schools release unexpended campus-based funds at the end of an award year. See *also Allocation, Appropriation,* and *Deobligation.*

Scheduled Award The Federal Pell Grant amount that would be paid to a full-time student for a full academic year.

-T-

Taxed Income Personal income (earnings) subject to federal tax. Compare *Untaxed Income.*

Telecommunications Course A course offered principally by television, audio, or computer transmission, including open broadcast, closed circuit, cable, microwave or satellite, audio conferencing, computer conferencing, or videocassettes or videodiscs. The term does not include a course that is delivered by videocassettes or disc recordings unless that same course is delivered to students physically attending classes at the institution during the same award year. See also *Correspondence Course or Program.*

Term-Based Schools Institutions that measure academic progress in either standard terms—quarters, trimesters, or semesters—or nonstandard terms (any terms that are not one of the three listed above).

Third-Party Servicer An individual, a state, or a private profit or nonprofit organization that contracts with an eligible postsecondary educational institution to administer any aspect of the institution's participation in a federal student financial aid program. Not included in this definition: publishing ability-to-benefit (ATB) tests; performing FAFSA processing; performing a financial compliance audit; mailing documents prepared by the institution; and warehousing institution records.

Timely Processing of Refunds and Repayments Schools must notify students and loan lenders in writing when financial aid is refunded or repaid to federal student financial aid programs. Schools must return refund or repayment portions to the Federal Pell Grant Program, the Direct Loan Program, and the campus-based programs within 30 days of a student's withdrawal date and, under the FFEL Program, return proceeds to the lender within 60 days of a student's withdrawal date. If an audit or program review reveals that a school is not meeting the deadlines for returning refunds and repayments to federal student financial aid accounts, the school incurs a financial liability. See also *Refund* and *Repayment.*

Title IV Student Financial Aid Federal financial aid programs for students attending postsecondary educational institutions that are authorized to award federal aid under Title IV of the Higher Education Act of 1965, as amended. The programs are administered by the U.S. Department of Education. Title IV programs consist of: the campus-based programs, the FFEL Program, the William D. Ford Direct Loan Program, the Federal Pell Grant Program, SSIG, and the Robert C. Byrd Honors Scholarship.

Title IV Wide Area Network (TIV WAN) The system that connects a school's financial aid office with other ED Title IV systems. TIV WAN uses store-and-forward technology to allow schools to pass data to various ED contractors and allow contractors to pass data back to schools. Each school has a mailbox, or destination point, on the Title IV WAN. Schools use Title IV telecommunications software, or their own software, to dial up their mailbox and send or receive Title IV data.

Tolerance Levels (verification) A dollar-value level of errors in the income or asset information used to calculate the Expected Family Contribution. If the error level is at or below the maximum tolerance level for a given year, student applicant information does not need to be reprocessed. The *Verification Guide* provides important details on tolerance levels. See also *Verification.*

Transfer of Funds Moving a statutorily allowable percentage of financial aid allocations from Perkins Loan funds to Federal Work-Study (FWS) funds and from Perkins Loan funds and FWS funds to Federal Supplemental Educational Opportunity Grant (FSEOG) funds.

Two-Academic-Year Transfer Program A formal education program of two academic years that is acceptable for full credit toward a bachelor's degree.

-U-

Undergraduate A postsecondary-education student who does not have a first baccalaureate degree or a first professional degree.

Underutilization Disbursing a smaller amount of campus-based program financial aid funds to eligible students during an award year than the institution's allocated funding level allowed.

Unmet Need The remaining need from a student's cost of attendance (COA) at a specific school after subtracting the student's Expected Family Contribution (EFC) and Estimated Financial Assistance (EFA). (COA - EFC - EFA = student's unmet financial need.)

Untaxed Income Income (earnings) or resources that are not subject to federal tax and are not reported on a tax form. Examples of untaxed income are welfare benefits, child support, interest on tax-free bonds, some Social Security benefits, certain unemployment compensation, and military and other subsistence and quarters allowances. Compare *Taxed Income.*

Update Requirement Required notification to ED of a change in the information originally reported on a student's aid application. Updates are required for changes in household size, number of family members enrolled in postsecondary education, and dependency status. If the numbers in these items change, it might cause a significant change in the student's Expected Family Contribution (EFC).

U.S. Code (U.S.C.) The federal government's compilation of public laws.

-V-

Verification The technical and administrative procedures for detecting and resolving inaccuracies in the data a student (and family) supplied on the Free Application for Federal Student Aid (FAFSA). ED publishes guidelines each year in *SFA Handbook: Student Eligibility*. See also *Conflicting Information, Edit Checks,* and *Tolerance Levels (verification).*

Verification Items Specific student (and family) applicant information that must be checked for accuracy during the federal student financial aid verification process. Verification may extend to other items on the Free Application for Federal Student Aid (FAFSA) at the discretion of the financial aid administrator. See also *Conflicting Information* and *Verification.*

Verification Worksheet The worksheet students and parents complete for the verification process.

-W-

William D. Ford Federal Direct Loan Program See *Direct Loan Program.*

Withdrawal Date The latest of the date a student notifies a school of his/her withdrawal, or the date specified by a student, or the last date of a student's recorded attendance. If a student is enrolled in a correspondence program, the withdrawal date is the date of the last lesson submitted by the student if the student failed to submit the subsequent lesson according to the school's schedule. Compare *Drop-Out Date.*

-X, Y, Z-

No entries

sources

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APPENDIX C

Resources - Appendix C

Introduction

Financial aid administrators must make sure that federal student aid programs are managed properly. This task can be made easier by:

- maintaining an up-to-date student aid reference library that includes the U.S. Department of Education's (ED's) major publications and useful non-ED publications;
- staying up to date on program information, policies, regulations, and the law, as well as being aware of changes and sharing information with all offices in the school that might be affected; and
- checking on any questionable or unclear information and asking questions before acting, which can save time and prevent liabilities.

ED Resource Materials

The following is a list of ED resource publications. They are available from the Federal Student Aid Information Center by calling **1-800-4-FED-AID (1-800-433-3243).**
(The TDD toll-free number is 1-800-730-8913.)

- *The Student Guide.* A general guide to Title IV programs, written for students and parents.
- *Funding Your Education.* Generally for the high school student audience, this publication focuses on how Title IV programs can help pay for the cost of education and provides tips on how to apply for these aid programs.
- *What's New? Direct Loans!* A general guide to Direct Loans, written for students and parents.
- *The Federal Student Financial Aid Handbook.* A financial aid administrator's reference guide to managing Title IV programs.
- *Compilation of Student Aid Regulations.* A compilation of all the current regulations governing Title IV programs.
- *The Blue Book—Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs.* A guide to proper fiscal operations procedures related to administering Title IV programs. This publication is a "must have" for all fiscal officers, and it is exceedingly helpful for financial aid administrators.
- *The Audit Guide.* A guide to preparing for and completing required audits of federal student aid operations.

ED also publishes "Dear Colleague" letters and *Federal Registers* that pertain to Title IV aid. You can access these documents over the Internet at http://ifap.ed.gov. You should stay current in your reading of these documents.

A good student-aid reference library includes all the ED publications described here. Many are published annually. ED sends these publications to each participating Title IV school each time the publications are updated.

Extra copies can be ordered from the Federal Student Aid Information Center (see telephone number on previous page) at no charge. The quantities that can be sent usually are limited, but a school can make photocopies if necessary.

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Electronic Services

Each part of the student aid delivery process can be done electronically, from filing a financial aid application to reporting a Federal Pell Grant payment.

- The electronic FISAP (Fiscal Operations Report and Application to Participate) is used to request and report expenditures in campus-based programs. It increases productivity and efficiency for financial aid administrators and ED by providing automatic calculation and edit features for users.
- The Recipient Data Exchange (RDE) allows schools to report large volumes of Pell recipient data using magnetic tapes or cartridges. The Floppy Disk Data Exchange allows schools with minimal automated data processing resources to report Pell disbursement data to ED.
- The services offered by ED through its Electronic Data Exchange (EDE) can significantly speed up the application, corrections, and reporting processes. EDE services are provided as a part of the Title IV Wide Area Network (TIV WAN). EDE is the service that allows schools to electronically process Title IV financial aid data. EDExpress is a fully integrated software package developed and distributed by ED for managing those processes. There are currently four EDExpress modules: application processing, packaging, Direct Loans, and Pell payment. The EDExpress software is provided without charge to schools.
- ED's Default Reduction Assistance Program (DRAP) provides supplemental debt collection assistance to institutions participating in the Federal Perkins Loan program that are experiencing difficulty in collecting delinquent loans.
- SFAP information on the Office of Postsecondary Education (OPE) Home Page can also be accessed at the following Internet address:
- The Information for Financial Aid Professionals (IFAP) web site contains financial aid resources. The address is: http://ifap.ed.gov.
- The Grant Administration and Payment System (GAPS) is now used to request funds from ED. Schools must have a DUNS number, a password, and a user ID, to access GAPS over the World Wide Web.
- The Recipient and Financial Management System (RFMS) is used to report Pell Grant disbursements. Schools submit use EDExpress or other software to create Origination and Disbursement Records for each Pell Grant recipient.
- The Bulk Publication Ordering System is used to order bulk copies of FAFSAs and other documents. From the IFAP web site, click along the left side of the screen on "Bulk Publication Ordering System." You'll need your OPE ID number.

Customer Service

- **Customer Support Branch**: Answers policy and operational questions from *financial aid administrators*. Customer Support also maintains the SFA Bulletin Board System. Customer Support staff can be reached Monday through Friday between 8 a.m. and 5 p.m. (Eastern time) at 1-800-433-7327 (toll free), or by fax at 1-202-260-4199, or at the following email address:

  csb@ed.gov

- **Federal Student Information Center**: student inquiries, requests for financial aid materials and student or financial aid administrator questions about aid application or processing, corrections to FAFSA processor errors that appear on the SAR. Call toll free at 1-800-4-FEDAID (1-800-433-3243), Monday through Friday between 9 a.m. and 8 p.m. (Eastern time). TDD 1-800-730-8913.

- Customer support "hot lines" are available for various ED systems and operations. Toll-free numbers and addresses follow, beginning below.

Customer Service: Numbers

Central Processing System/Direct Loan (CPS/DL) Customer Service:

1-800-330-5947

Email address: CPS@NCS.COM

Provides support for:

- EDExpress software—apps/DL/packaging/SSCR/RFMS
- Pell Payment for Windows software
- EDE technical reference
- Data submitted to CPS
- Institution/agency applicant tapes
- RAD/YTD requests

Free Application for Federal Student Aid (FAFSA) Express Customer Support

1-800-801-0576

Email address: CPS@NCS.COM

Provides support for:

- FAFSA Express diskette version
- FAFSA Express Web version:
  http://www.ed.gov/offices/OPE/express.html
  http://www.ed.gov/money.html

Direct Loan (DL) Custom/Combination School Technical Support:

1-800-756-4220

Email address: DLTS@NCS.COM

Provides support for:

- Interpreting the Direct Loan Technical Reference
- Dealing with errors received while interfacing external system with EDExpress
- Developing import from external add/change files
- Providing on-site support to Direct Loan schools with custom/combo systems

Direct Loan Servicing Center:

Borrower Services: 1-800-848-0979

Provides support for:

- School relations
- Borrower services
- Payment center
- Collections

Loan Origination Center
1-800-557-7394

Title IV Wide Area Network (TIV WAN) Customer Service:
1-800-615-1189

Email address: T4WAN@NCS.COM

Provides support for:

- EDconnect, NET*CONNECT, and OPEnet software (both DOS and Windows)
- Transmission errors
- Network password changes and resets
- Enrollment and participation
- Billing and invoices
- Software and user manual distribution

National Student Loan Data Service (NSLDS) Customer Service:

1-800-999-8219

Provides support for:

- Small school template
- DataPrep software
- CBT (computer-based training) tutorial
- Default rate calculations
- Student Status Confirmation Reports (SSCRs)
- Data providers' monthly submission
- NSLDS online functions

Pell Grant User Support Hotline:

1-202-708-9141

Provides support for:

- Pell payment software DOS version
- Floppy Disk Data Exchange enrollment
- Pell Payment data batch inquiries

Organization of the Office of the Deputy Assistant Secretary for Student Financial Assistance Programs (SFAP)

Within ED's Office of Postsecondary Education (OPE), the Deputy Assistant Secretary for Student Financial Assistance Programs (SFAP) is responsible for administering student financial aid (SFA) programs and developing policies and procedures to meet the objectives of those programs. Chapter 1 of *The Federal Student Financial Aid Handbook* contains detailed information on SFAP's organization, including offices and telephone numbers.

- The Policy Development Division (PDD) is responsible for developing and issuing program policies and regulations. The division's main telephone number is **202-708-8242.**
- The Program Systems Service (PSS) is responsible for delivering and controlling federal funds and services authorized for SFA programs. The division's main telephone number is **202-708-7701**.
- The Training and Program Information Division (TPID) is responsible for coordinating training activities for the financial aid community and disseminating information on SFA programs to schools, the general public, and other interested groups. The division's main telephone number is **202-708-8134.**
- The Institutional Participation and Oversight Service (IPOS) is responsible for approving schools for initial participation in the Title IV programs, recertifying eligible schools for continued participation, and monitoring schools to ensure compliance with federal rules and regulations. IPOS conducts its oversight using a case management approach that provides a unified and consistent approach to monitoring. For information about initial participation, the telephone number is 202-260-3270. A listing of regional case management team telephone numbers is in Session 3.

- Incidents of Title IV fraud or suspected fraud should be reported to the Inspector General's hotline at **1-800-MIS-USED (1-800-647-8733)** or to local law enforcement officials.

NOTE: You also may report suspected fraud by writing to:

Office of Inspector General
U.S. Department of Education
600 Independence Avenue, SW
Washington, DC 20202-1510

- A list of ED/SFAP regional offices is on pages C-6 and C-7.

Professional Associations' Technical Assistance and Training

Technical financial aid assistance is usually available to members of financial-aid-related professional associations. Some associations might also research technical and historical questions, locate helpful materials, and refer problems/questions to experienced members.

Training is usually offered to both members and non-members, the latter paying a higher registration fee. Workshop topics are selected to meet current needs and address issues within the financial aid community.

Workshops are offered on four different levels: local, state, regional, and national. Many of the national workshops are listed in ED's Training Calendar, which is published three times a year—in May, September, and January—and mailed to schools participating in Title IV programs.

In addition to training, many associations hold annual or semi-annual conferences that provide valuable opportunities to exchange information, network, and express opinions on aid-related issues.

There are several association publications that might be useful financial aid resources. These publications are usually available, for a fee, from professional associations and national, state, and local agencies and associations. Membership in the association is sometimes required.

The publications include:

- financial aid encyclopedias,
- job aids,
- self-evaluation guides, and
- newsletters or research journals.

Some major national associations related to student financial aid are listed below.

- Career College Association (CCA)
  750 First Street, NE, Suite 900
  Washington, DC 20002
  202-336-6700
- The National Association of College and University Business Officers (NACUBO)
  1 Dupont Circle, NW, Suite 500
  Washington, DC 20036
  202-861-2500
- National Association of Student Financial Aid Administrators (NASFAA) 1920 L Street, NW,
  Suite 200 Washington, DC 20036
  202-785-0453

Networking

Networking is another important source of technical assistance and training. Through meeting and talking together, financial aid administrators can exchange:

- technical information,
- suggested management approaches,
- guidance for problem-solving, and
- assistance for new or inexperienced staff.

Networking opportunities are available through:

- association memberships,
- school partnerships, and
- personal and professional affiliations.

ED/SFAP Regional Offices

Region		**States Served**
I	U.S. Department of Education J.W. McCormack Post Office and Courthouse Bldg. Room 502, MS-01-0070 Boston, MA 02109 Telephone: 617-223-9328 FAX: 617-223-4305	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont
II	U.S. Department of Education 75 Park Place, 12th Floor New York, NY 10007 Telephone: 212-264-4022 FAX: 212-264-5025	Canal Zone, New Jersey, New York, Puerto Rico, and the U.S. Virgin Islands
III	U.S. Department of Education 100 Penn East Square, Suite 511 Philadelphia, PA 19104 Telephone: 215-656-6422 FAX: 215-656-6499	Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia
IV	U.S. Department of Education 61 Forsyth St., SW, Room 18T20 Atlanta, GA 30303-3104 Telephone: 404-562-6318 FAX: 404-562-6321	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee
V	U.S. Department of Education 111 North Canal Street Chicago, IL 60606 Telephone: 312-886-8767 FAX: 312-353-2836	Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin
VI	U.S. Department of Education 1200 Main Tower, Room 2150, MS-06-5080 Dallas, TX 75202 Telephone: 214-767-3811 FAX: 214-767-0336	Arkansas, Louisiana, New Mexico, Oklahoma, and Texas
VII	U.S. Department of Education 7505 Tiffany Springs Parkway Kansas City, MO 64153 Telephone: 816-880-4053 FAX: 816-891-0983	Iowa, Kansas, Missouri, and Nebraska

VIII	U.S. Department of Education 1391 North Speer Blvd., Suite 800 Denver, CO 80204-2512 Telephone: 303-844-3677 FAX: 303-855-5756	Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming
IX	U.S. Department of Education 50 United Nations Plaza, Room 268, MS–09–8080 San Francisco, CA 94102 Telephone: 415-437-8276 FAX: 415-437-8206	Arizona, California, Hawaii, Nevada, American Samoa, Guam, Federated States of Micronesia, the Marianas, Republic of Palau, and Republic of the Marshall Islands
X	U.S. Department of Education 1000 Second Avenue, Suite 1200 Seattle, WA 98104 Telephone: 206-287-9078 FAX: 206-553-0799	Alaska, Idaho, Oregon, and Washington

erheads

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APPENDIX D

Session 1

Introduction and Overview

Group Questions

- ✓ Name?
- ✓ School?
- ✓ Years of experience?
- ✓ Oddest Job?

Important Questions

1) **What issues have the greatest impact on my school?**
2) **What do I need to do to be ready to manage and award financial aid?**

Answer Key

1. Federal Supplemental Educational Opportunity Grant (FSEOG)
2. Parent Loan for Undergraduate Students (PLUS)
3. Federal Perkins Loan

Answer Key

4. Pell Grant
5. Federal Subsidized and Unsubsidized Stafford Loans (FFEL)

Definitions

Authorization

Establishes programs

Reauthorization

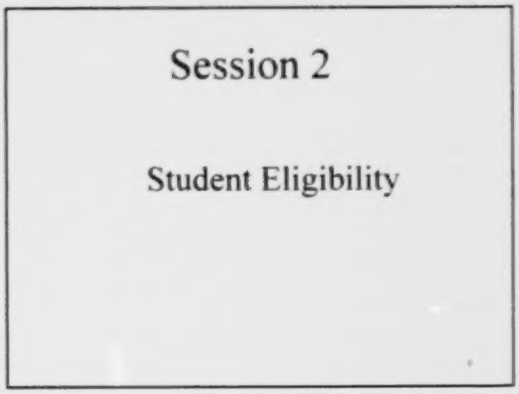
Renews, terminates, or amends existing programs

Types of Federal Registers

- ✓Notice of Proposed Rulemaking (NPRM)
- ✓Final Rule
- ✓Notices

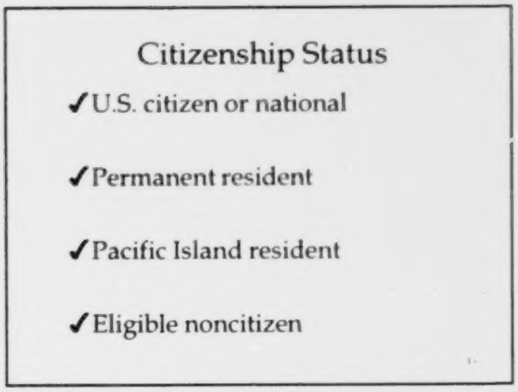
Dear Colleague Letters

- ✓GEN - general
- ✓P - Pell
- ✓CB - campus-based
- ✓L - lenders
- ✓G - guaranty agencies
- ✓DLB - Direct Loan bulletin



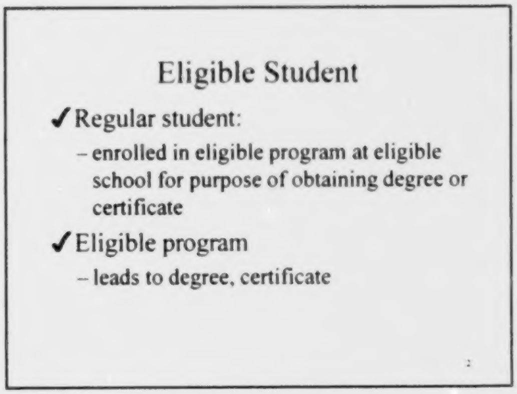
Session 2

Student Eligibility



Citizenship Status

- ✓ U.S. citizen or national
- ✓ Permanent resident
- ✓ Pacific Island resident
- ✓ Eligible noncitizen



Eligible Student

- ✓ Regular student:
  - enrolled in eligible program at eligible school for purpose of obtaining degree or certificate
- ✓ Eligible program
  - leads to degree, certificate

Academic Qualifications

✓ Have a diploma or GED; or

✓ Pass ability-to-benefit test; or

✓ Attend school with state process approved by U.S. Secretary of Education

Remedial Coursework

✓ Part of an eligible program

✓ No more than one academic year

Satisfactory Academic Progress

✓ Qualitative: grades
  - maintain "C" average (2.0)

✓ Quantitative: timing
  - on pace to complete course within 150% of time

Exceeding Loan Limits - Causes

- ✓ School awards loans before receiving FAT from previous school
- ✓ Student uses different names to apply for loans
- ✓ Student doesn't tell new school about previous loans

Regaining Eligibility

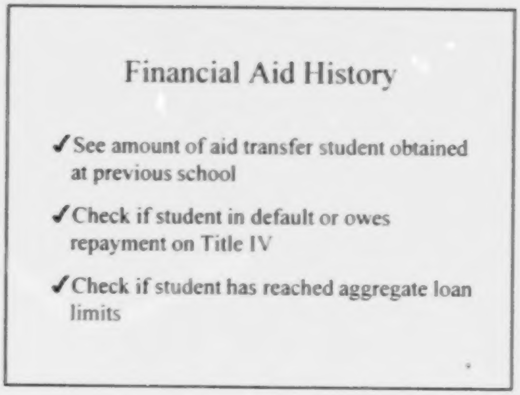
Student ineligible until he or she:

- ✓ Repays the excess amount; or
- ✓ Makes satisfactory payment arrangements

Financial Need

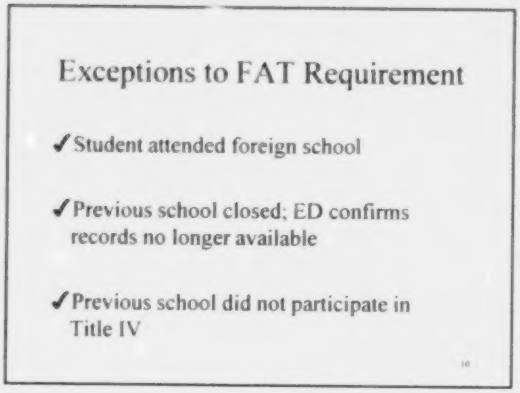
Cost of Attendance (COA)
-Expected Family Contribution (EFC)

=FINANCIAL NEED



Financial Aid History

- ✓ See amount of aid transfer student obtained at previous school
- ✓ Check if student in default or owes repayment on Title IV
- ✓ Check if student has reached aggregate loan limits



Exceptions to FAT Requirement

- ✓ Student attended foreign school
- ✓ Previous school closed; ED confirms records no longer available
- ✓ Previous school did not participate in Title IV

Session 3

FAFSAs and Output Documents

Expected Family Contribution

- ✓ ED calculates using data from FAFSA
- ✓ Represents amount student and family are expected to contribute to student's education

Help?!

Call the
Federal Student Aid
Information Center:
1-800-433-3243
(1-800-4-FED-AID)

Deadlines

Earliest to submit
1999-2000 FAFSA
January 1, 1999

Latest to submit 1999-2000 FAFSA
June 30, 2000

FAFSA Instructions

Available only on-line at :
http://www.ed.gov/prog_info/SFA/FAFSA

Step Two - Dependency Status

✓ "No" to every question - **dependent**
  - skip to Step Four (parents)

✓ "Yes" to any question - **independent**
  - complete Step Three (student's household)
  - skip to Step Five

Definition of Parent

- ✓ Birth or adoptive parent ONLY (regardless of financial support)
- ✓ Legal guardian no longer counts

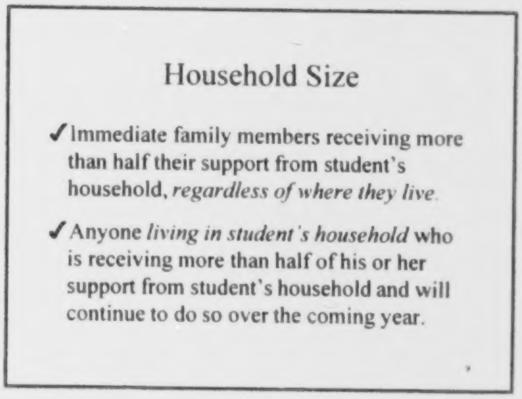
Step Four: Whose Tax Information to Use??

Use parent that student lived with the most over past year.

If student lived with both parents equally, use information of parent who provided the most financial support over past year.

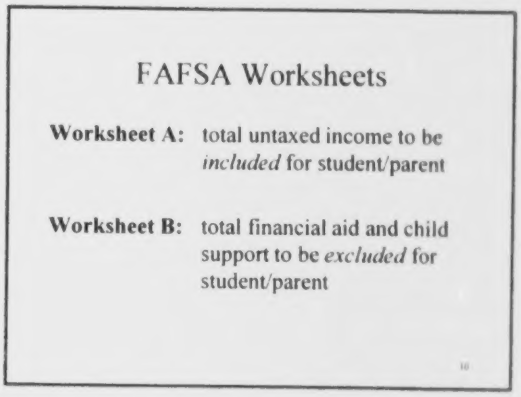
Untaxed Income

- ✓ In-kind support - *food, shelter, etc* - DOES NOT COUNT as untaxed income
- ✓ Cash support - *money to student or paying bills in student's name* - DOES COUNT as untaxed income
  - include on Worksheet A



Household Size

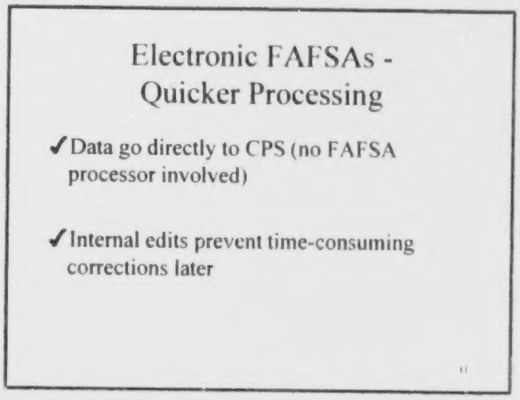
- ✓ Immediate family members receiving more than half their support from student's household, *regardless of where they live.*
- ✓ Anyone *living in student's household* who is receiving more than half of his or her support from student's household and will continue to do so over the coming year.



FAFSA Worksheets

Worksheet A: total untaxed income to be *included* for student/parent

Worksheet B: total financial aid and child support to be *excluded* for student/parent



Electronic FAFSAs - Quicker Processing

- ✓ Data go directly to CPS (no FAFSA processor involved)
- ✓ Internal edits prevent time-consuming corrections later

Renewal FAFSA on the Web

- ✓ Student must reside at same permanent address as reported on previous FAFSA or updated with CPS since.
- ✓ EAC serves as student's signature
  - parent of dependent student must still sign paper

Express *vs.* Web - *Differences*

- ✓ *FAFSA on the Web* - Mac or PC, no download, Renewal available
- ✓ *FAFSA Express* - PC only, installation or download required

EDExpress Application Process

1) Student completes paper FAFSA, signs, brings to school
2) School enters data, submits to CPS
3) School keeps paper FAFSA as signed document for 3 years

CPS Role

- ✓ Edits data for errors
- ✓ Matches student information with databases (like INS)
- ✓ Calculates EFC
- ✓ Sends output documents: paper document to student, electronic file to schools

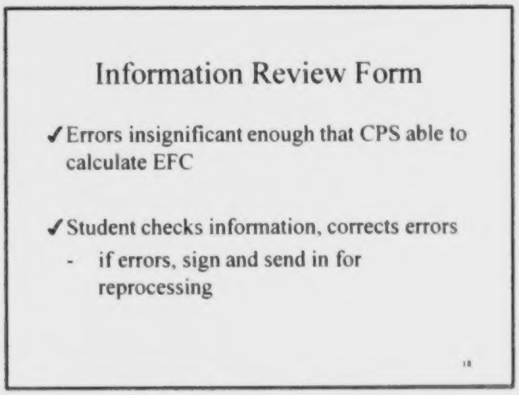
Three Federal Output Documents

- ✓ Student Aid Report (SAR) or SAR Information Acknowledgement to student
- ✓ Institutional Student Information Record (ISIR) to school

Data Release Number (DRN)

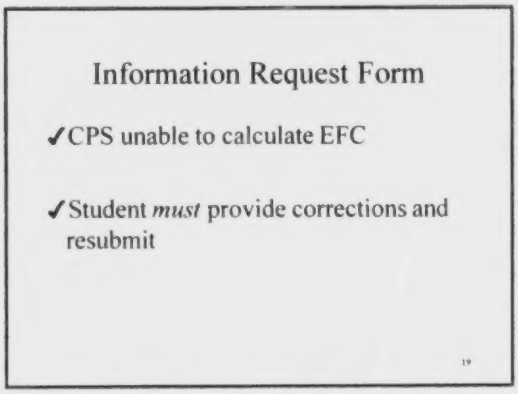
Student can supply the DRN:

- ✓ to school so school can add itself to CPS list and draw down student's ISIR; or
- ✓ to FSAIC to make changes over the phone to address or list of schools
  - 319-337-5665



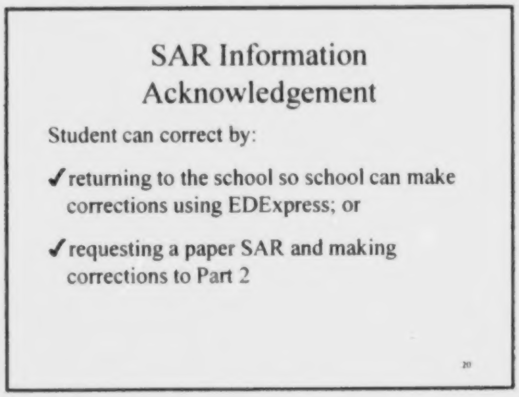
Information Review Form

- ✓ Errors insignificant enough that CPS able to calculate EFC
- ✓ Student checks information, corrects errors
  - if errors, sign and send in for reprocessing



Information Request Form

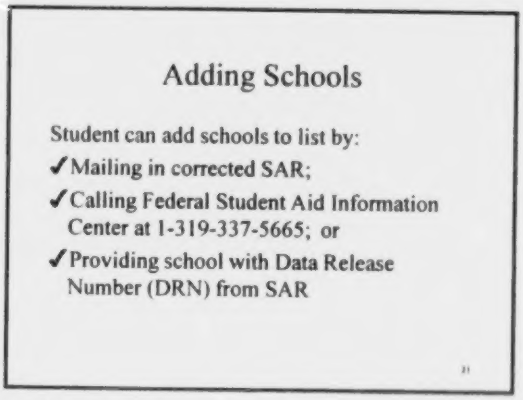
- ✓ CPS unable to calculate EFC
- ✓ Student *must* provide corrections and resubmit



SAR Information Acknowledgement

Student can correct by:

- ✓ returning to the school so school can make corrections using EDExpress; or
- ✓ requesting a paper SAR and making corrections to Part 2



Adding Schools

Student can add schools to list by:

- ✓ Mailing in corrected SAR;
- ✓ Calling Federal Student Aid Information Center at 1-319-337-5665; or
- ✓ Providing school with Data Release Number (DRN) from SAR

Session 4

How Much Aid Can the Student Get?

The Main Items

- ✓ Cost of Attendance (COA)
- ✓ Expected Family Contribution (EFC)
- ✓ Estimated Financial Assistance (EFA)

COA Allowances

- ✓ Reasonable room & board if student lives off campus (even at home)
- ✓ Reflect other costs related to student's attendance
  - child care for dependents during classes

EFC

- ✓ED calculates official EFC
- ✓Based on information from FAFSA
- ✓School never *required* to calculate EFC, but may want to

EFC Formula Worksheets

- ✓A: Dependent Student
- ✓B: Independent Student (with no dependents other than a spouse)
- ✓C: Independent Student (with dependents other than a spouse)

Automatic Zero EFC: Dependent Student

Parents not required to file regular 1040 (they may file a 1040A or EZ, or not file at all)

&

Sum of both parents' AGI is $12,000 or less

Automatic Zero EFC: Independent Student

Student has dependents other than a spouse

&

Student and spouse not required to file regular 1040 (they may file a 1040A or EZ, or not file at all)

&

Sum of student's and spouse's AGI is $12,000 or less

EFC Types

- ✓ Official EFC
  - CPS puts on SARs/ISIRs
- ✓ School's Estimated EFC
  - by hand or EDExpress
  - before SARs/ISIRs
- ✓ School-Recalculated EFC
  - corrections, updates, adjustments
  - by hand or EDExpress

Equation 1 - Basic Need

COA - EFC = Need

Charlie - Part 1

COA = $14,700
EFC = 1050

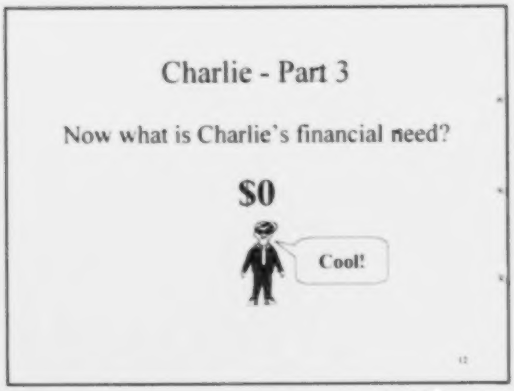
$14,700 - 1050 = $13,650

Title IV Need-Based Aid

- ✓ Pell Grants
- ✓ Campus-Based Aid
- ✓ Subsidized Stafford Loans

Equation 2 - EFA Considered

COA - EFC - EFA = Need

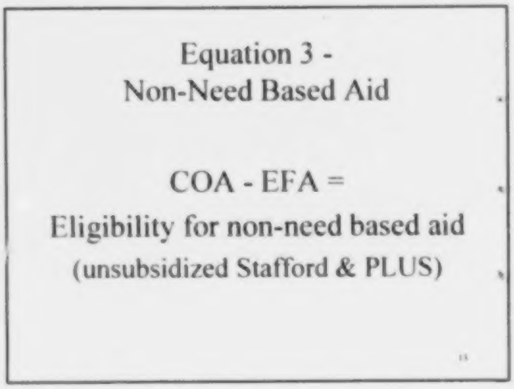


Charlie - Part 3

Now what is Charlie's financial need?

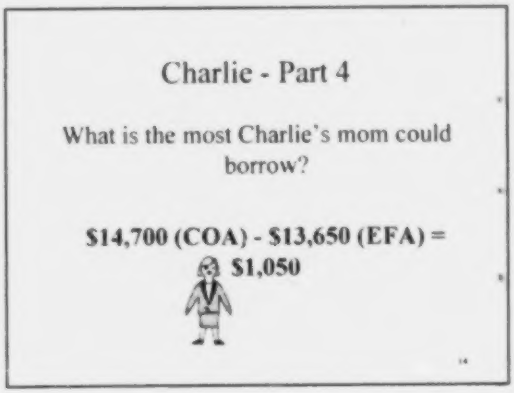
$0

Cool!



Equation 3 - Non-Need Based Aid

COA - EFA =
Eligibility for non-need based aid
(unsubsidized Stafford & PLUS)



Charlie - Part 4

What is the most Charlie's mom could borrow?

$14,700 (COA) - $13,650 (EFA) = $1,050

School Packaging Policy

- ✓ Different categories of students may have different costs
- ✓ Campus-Based funds are limited
- ✓ Funding priority groups?
- ✓ Students with special needs

Precertification Session

Program Participation Issues

Scope of Coverage

- ✓ Programs in which school is *eligible to apply* to participate
- ✓ If program on list, school does not have to reapply later to participate
- ✓ If program not on list, school must later reapply, and get new PPA, to participate

---

Immediate Need

- ✓ School must disburse within 3 business days of receiving funds
- ✓ School can keep up to $250 of interest

Record Maintenance

- ✓ **Student Records** - enrollment, program, progress, financial aid
- ✓ **Institutional Records** - PPA, reviews, audits
- ✓ **Fiscal Records** - bank statements, student accounts, payroll records

Record Maintenance (cont'd)

- ✓ **Financial Aid Records** - student applications, records of awards, verification documents
- ✓ **Reporting Records** - FISAPs
- ✓ **Program-Specific Records**

Separation of Functions

- ✓ Two separate offices must authorize and disburse Title IV
- ✓ The two individuals can't be related
- ✓ Usually, financial aid office authorizes, and business office disburses

Fraud and Abuse

Report suspected employees and students to the Office of the Inspector General (OIG):

1-800-MIS-USED

Enrollment and Cohort Default

- ✓ Less than 33% withdraw during last year for new schools
- ✓ 25% or less cohort default rate for FFEL, and less than 15% for Perkins, over last 3 years

Student Right to Know

- ✓ Made available to current and prospective students each July 1
- ✓ Track graduation, completion, and transfer-out rates of each class of students

Student Right to Know - Athletics

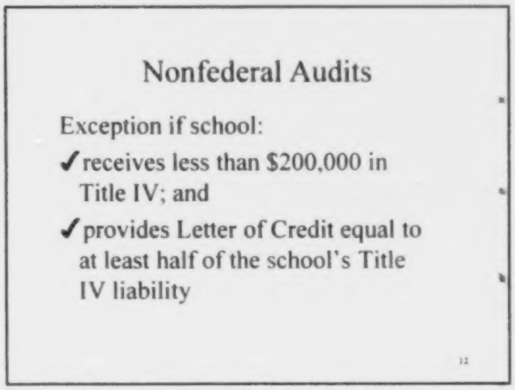
- ✓ Submit to ED annually by July 1
- ✓ Graduation, completion, and transfer-out rates of student-athletes compared to similar rates for regular student body

Equity in Athletics Disclosure Act (EADA)

- ✓ Revenues generated from, and money spent on, intercollegiate athletics
- ✓ Data broken down by gender and sport
- ✓ Made available to public, and submitted to ED, by July 1 each year

Campus-Security Report

- ✓ Annual report on crime, security, and prevention; provide to students and employees
- ✓ List murder, sex offenses, robbery, aggravated assault, burglary, car theft, and hate crimes
- ✓ Warn campus of threatening situations



Nonfederal Audits

Exception if school:

✓ receives less than $200,000 in Title IV; and

✓ provides Letter of Credit equal to at least half of the school's Title IV liability

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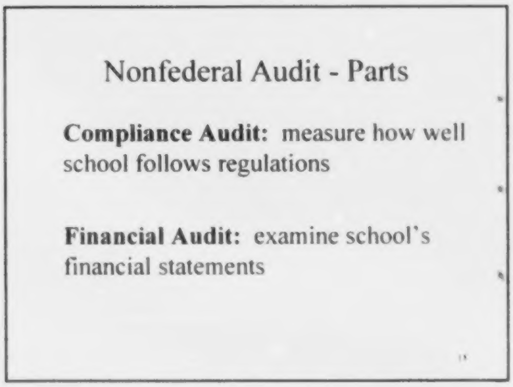
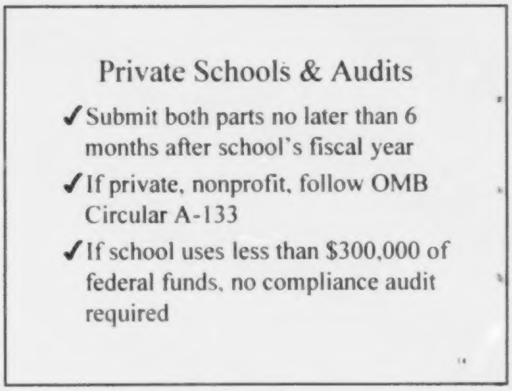


Nonfederal Audit - Parts

Compliance Audit: measure how well school follows regulations

Financial Audit: examine school's financial statements

13



Private Schools & Audits

✓ Submit both parts no later than 6 months after school's fiscal year

✓ If private, nonprofit, follow OMB Circular A-133

✓ If school uses less than $300,000 of federal funds, no compliance audit required

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Public Schools - Audits

Under Single Audit Act, submit no later than 9 months after fiscal year

Institutional Quality Assurance Program (IQAP)

- ✓ Innovative ways to administer Title IV programs
- ✓ Regulatory relief

Contact ED at:
(202) 260-4788

Group Discussion Topics

- Program Reviews / Audits
- Separation of Functions
- Hiring Financial Aid Staff
- Reporting
- Self-Evaluation

Session 6

Verification, Updating, and Corrections

CPS-Selected Verification

✓ Asterisk to right of EFC on SAR

✓ Code on ISIR

30% Verification Option

School never required to verify more than 30% of selected applicants

✓ If CPS selects more than 30% of applicant pool, you may stop at 30%

✓ If CPS selects 30% or less of applicant pool, verify all applicants selected

Verification Steps

Step 1: Verify the information

Step 2: Determine need to submit corrections to CPS

Required Items

You must verify:

- ✓ Household size
- ✓ Number enrolled in college
- ✓ Adjusted gross income (AGI)
- ✓ U.S. income tax paid
- ✓ Certain untaxed income and benefits

Chuck's Net Error

Original Total = $20,430

Verified Total = $21,445

Net Error= $1,015

Conflicting Information

- ✓School has reason to believe data the student reported is false
- ✓School must resolve before disbursing any federal student aid

This is separate from verification!

60-Day Extension

- ✓For Pell Grant recipients, school must obtain valid output document no later than 60 days after student's last day of class.
  - Student must have been selected, but unable to complete verification before classes ended

Updating Selected Applicants

For students selected by the CPS, schools must update (unless from change in marital status):

- Dependency status
- Household size
- Number enrolled in postsecondary school

Session 7

Your School & The Funds

Requirements

To participate in Title IV, a school must show:

- ✓ institutional eligibility
- ✓ financial responsibility
- ✓ administrative capability

Defining School Types

Chart defines school types based on:

- ✓ control of the school; and
- ✓ length of the school's programs

Reporting Changes

- ✓ Use electronic Application to Participate (http://eligcert.ed.gov)
- ✓ Report changes to ED within **10 calendar days**
  - must report, even if ED approval not needed for change

Financial Responsibility

- ✓ School's services are provided as advertised
- ✓ Adequate administrative resources devoted to compliance with Title IV rules
- ✓ School meets all financial obligations (like refunds, repayments, other debts)

Cash Management

- ✓ requesting and drawing down funds
- ✓ maintaining funds
- ✓ disbursing funds

Timing of Requests

SINCE earliest schools can disburse funds is 10 days before payment period,

AND schools must disburse funds to students within 3 business days after receiving funds,

THEN schools should request funds no more than 13 days before payment period

Payment Methods

- ✓ Advance Payment Method
  - school requests, receives funds prior to disbursement to student
- ✓ Reimbursement Payment Method
  - school disburses first, then requests funds from ED
- ✓ Just-In-Time Payment Method
  - new pilot program

How to Request Funds

- ✓ Grant Administration and Payment System (GAPS)
  - Pell, campus-based, Direct Loans
- ✓ Recipient and Financial Management System (RFMS)
  - additional system for Pell

Disbursing Funds

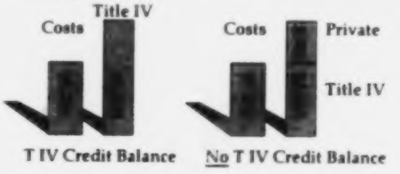
- ✓ First use funds to cover student's institutional charges
  - – tuition, fees, room and board, etc.
- ✓ Then cover other *authorized* charges
- ✓ Disburse remainder to student to cover living expenses

Disbursement

- ✓ Crediting student's account OR paying the the student directly
- ✓ Before disbursing, make sure student has completed previous payment period

Title IV Credit Balance

- ✓ Title IV *by itself* exceeds authorized charges

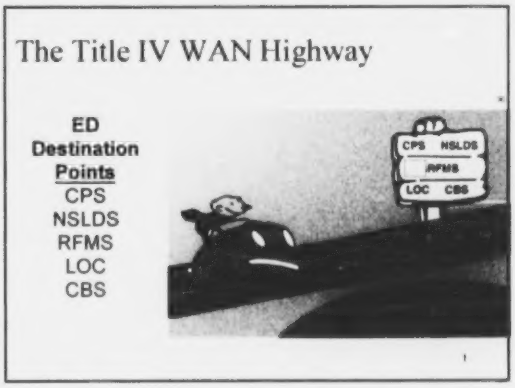


Other Compliance Standards

- ✓ provide drug-abuse prevention program
- ✓ disclose lobbying efforts if school receives more than $100,000 per year in campus-based funds
- ✓ report graduation and completion rates
- ✓ report expenditures on athletic programs (by gender)

Session 8

Electronic Requirements



The Title IV WAN Highway

ED Destination Points
CPS
NSLDS
RFMS
LOC
CBS

CPS
NSLDS
RFMS
LOC
CBS

School Destination Points

On the school side, there can be several destination points, including:

- Financial aid office
- Registrar's office
- Bursar's office

Application to Participate

http://eligcert.ed.gov

- ✓ recertification or reinstatement
- ✓ "eligible institution" for deferment
- ✓ change in ownership or structure
- ✓ other changes/updates

Precertification Session

Overawards
&
Overpayments

Causes of Pell Overpayments

- ✓ Student errors
- ✓ School errors
- ✓ Required recalculations
- ✓ Optional payments

Resolving Pell Overpayments

- ✓ Student repays in full to school
- ✓ Student makes satisfactory payment arrangements with school
- ✓ School itself repays ED
- ✓ School reduces future disbursements

Pell Overpayments

- ✓ Student transfers and receives too much for the year
- ✓ Student attends two school simultaneously, and tries to get Pell from both

RFMS will help eliminate these problems.

Need

Cost of Attendance
- Expected Family Contribution
= Need

Example - Beth

NEED: $5,200

ORIGINAL PACKAGE:

Pell	$2,300
FSEOG	$1,500
Perkins	$ 600
TOTAL	$4,400

Beth Gets a $1,500 Scholarship!

NEED:	$5,200

NEW PACKAGE:

Pell	$2,300
FSEOG	$1,500
Perkins	$ 600
Scholarship	$1,500
TOTAL	$5,900

Beth Gets a $1,000 Scholarship!

NEED:	$5,200

NEW PACKAGE:

Pell	$2,300
FSEOG	$1,500
Perkins	$ 600
Scholarship	$1,000
TOTAL	$5,400

Campus-Based Overpayment

Total Resources
- Need
- $300

Overpayment

Correcting Campus-Based Overpayments

If school's fault:

- ✓ restore overpaid amount to campus-based fund, plus ACA

If student's fault:

- ✓ make no more Title IV disbursements to student and try to collect from student

Overawards for Unsubsidized Loans

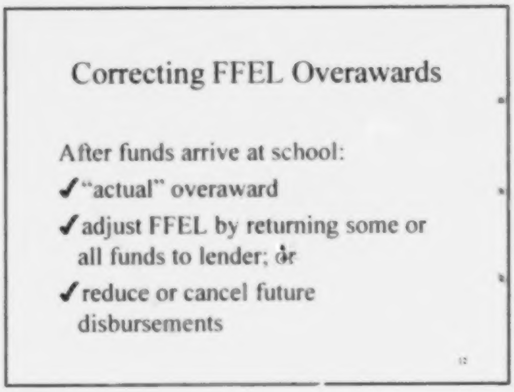
- ✓ Loan combined with other EFA exceeds COA

COA:	$4,000
PACKAGE:	
Subsidized Loan	$3,000
Unsubsidized Loan	$1,000
Merit Scholarship	$ 500

Correcting FFEL Overawards

Before funds arrive at school:

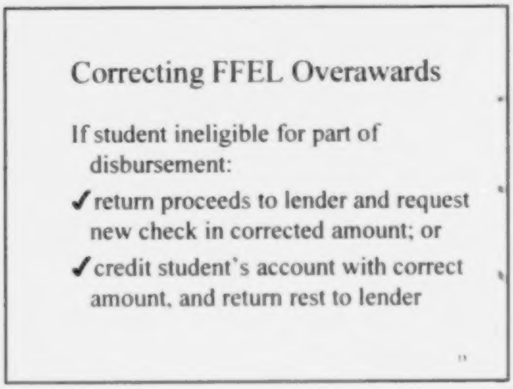
- ✓ "potential" overaward
- ✓ ask lender to reduce/cancel award; or
- ✓ adjust institutional or campus-based aid



Correcting FFEL Overawards

After funds arrive at school:

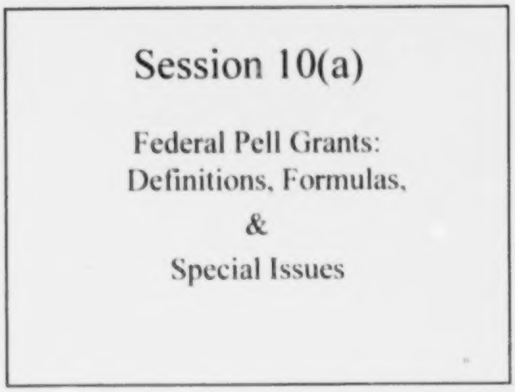
- ✓ "actual" overaward
- ✓ adjust FFEL by returning some or all funds to lender; or
- ✓ reduce or cancel future disbursements



Correcting FFEL Overawards

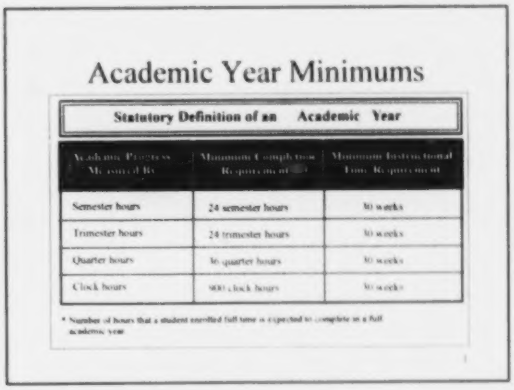
If student ineligible for part of disbursement:

- ✓ return proceeds to lender and request new check in corrected amount; or
- ✓ credit student's account with correct amount, and return rest to lender



Session 10(a)

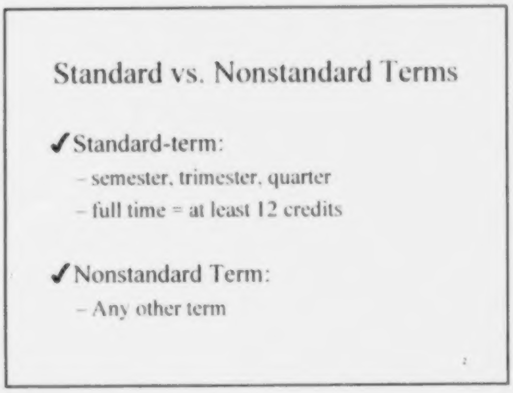
Federal Pell Grants: Definitions, Formulas, & Special Issues



Academic Year Minimums

Statutory Definition of an Academic Year		
Academic Progress Measured By	Minimum Completion Requirement*	Minimum Instructional Time Requirement
Semester hours	24 semester hours	30 weeks
Trimester hours	24 trimester hours	30 weeks
Quarter hours	36 quarter hours	30 weeks
Clock hours	900 clock hours	30 weeks

* Number of hours that a student enrolled full time is expected to complete in a full academic year



Standard vs. Nonstandard Terms

- ✓ Standard-term:
  - semester, trimester, quarter
  - full time = at least 12 credits
- ✓ Nonstandard Term:
  - Any other term

Annual Award

✓ For term-based, credit-hour programs, enrollment status considered

✓ For nonterm and all clock-hour programs, same as Scheduled Award

Formula 1

✓ Standard-term, credit hour program

✓ At least 30 weeks of actual instructional time in the program

✓ Every term in *award year* requires 12 credits for full time

Formula 2

✓ Standard-term, credit hour program

✓ Fewer than 30 weeks of actual instructional time in the program

✓ Every term in *award year* requires 12 credits for full time

Formula 3

- ✓ Standard or nonstandard terms
- ✓ Greater than, less than, or equal to 30 weeks of actual instructional time in the program

Formula 4

All clock-hour programs and any credit-hour programs without terms

Choosing a Formula

Once you choose for a program, you must calculate Pell for every student in that program for entire award year using that formula.

Session 10(b)

Calculating
Pell Grant Awards -
Term-Based,
Credit-Hour Programs

Five Calculation Steps

1) Determine enrollment status
2) Calculate Pell COA
3) Determine annual award
4) Determine payment periods
5) Calculate payment for each payment period

Enrollment Status

full time:	at least 12 credits
3/4 time:	at least 9 credits
1/2 time:	at least 6 credits
< 1/2 time:	fewer than 6 credits

Step 3 - Annual Award

COA: $6,300
EFC: 780

$1,781

Step 3 - Annual Award

COA: $2,820
EFC: 50

$2,800

Practice - Formula 1. Step 3

Bill's COA: $3,350
Bill's EFC: 375

$2,775

Practice - Formula 1, Step 3

Janet's COA:	$3,350
Janet's EFC:	1,050

Fall - $2,075

Spring - $1,038

Step 5: Payment per Payment Period

$$\frac{\text{Annual Award}}{\text{\# of payment periods in \textit{academic} year}}$$

Practice - Formula 1, Step 5

Bill:

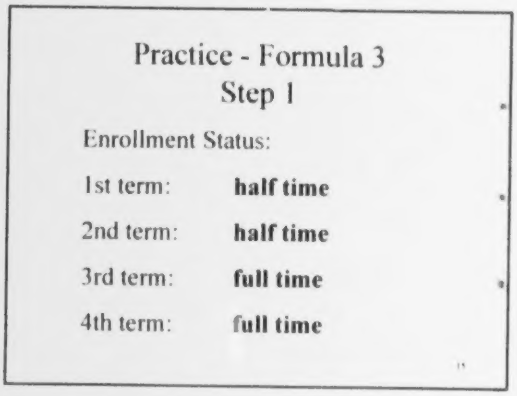
Fall - $1,388

Spring - $1,387

Janet:

Fall - $1,038

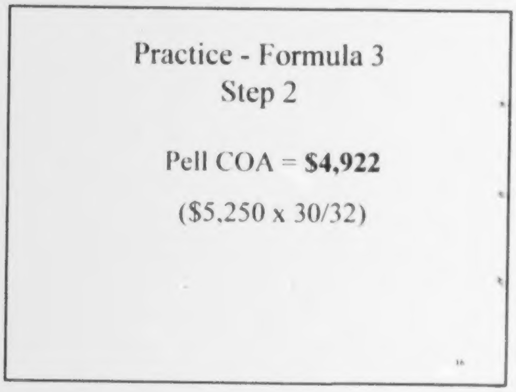
Spring - $519



Practice - Formula 3
Step 1

Enrollment Status:

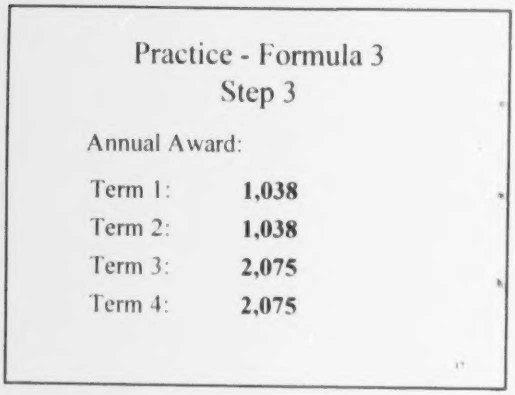
1st term:	**half time**
2nd term:	**half time**
3rd term:	**full time**
4th term:	**full time**



Practice - Formula 3
Step 2

Pell COA = **$4,922**

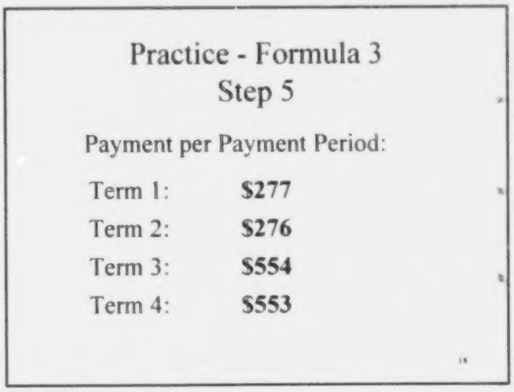
($5,250 x 30/32)



Practice - Formula 3
Step 3

Annual Award:

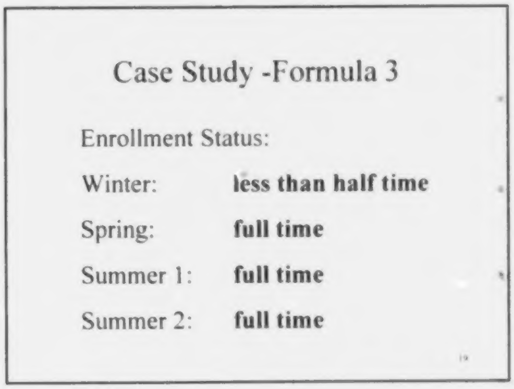
Term 1:	**1,038**
Term 2:	**1,038**
Term 3:	**2,075**
Term 4:	**2,075**



Practice - Formula 3
Step 5

Payment per Payment Period:

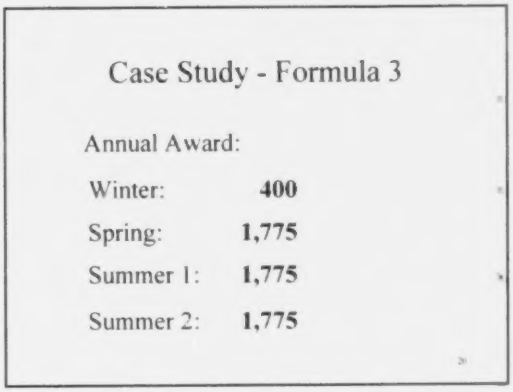
Term 1:	**$277**
Term 2:	**$276**
Term 3:	**$554**
Term 4:	**$553**



Case Study -Formula 3

Enrollment Status:

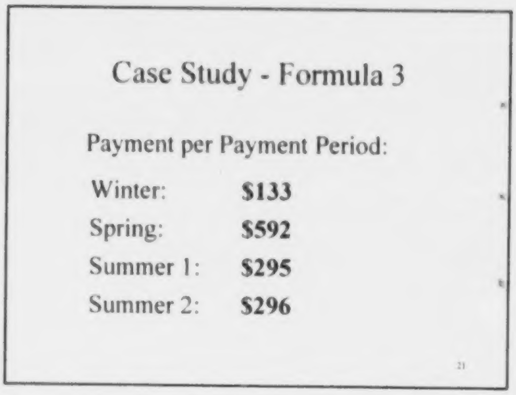
Winter:	**less than half time**
Spring:	**full time**
Summer 1:	**full time**
Summer 2:	**full time**



Case Study - Formula 3

Annual Award:

Winter:	**400**
Spring:	**1,775**
Summer 1:	**1,775**
Summer 2:	**1,775**



Case Study - Formula 3

Payment per Payment Period:

Winter:	**$133**
Spring:	**$592**
Summer 1:	**$295**
Summer 2:	**$296**

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Session 10(c)

Calculating
Pell Grant Awards -
Nonterm-Credit-Hour &
All Clock-Hour Programs

Five Calculation Steps

1) Determine enrollment status
2) Calculate Pell COA
3) Determine annual award
4) Determine payment periods
5) Calculate payment for each payment period

Prorating COA

If program longer than or shorter than statutory academic year, prorate up or down to reflect 1 academic year.

Prorating COA - Practice

School defines academic year as:

- ✓ 30 weeks & 900 clock hours

Length of program:

- ✓ 28 weeks & 850 clock hours
- ✓ COA = $5,200

Prorating COA - Practice

Take lesser of two fractions:

$$\boxed{\frac{900}{850}} \qquad \frac{30}{28}$$

Prorating COA - Practice

$$\frac{\$5200 \times 900}{850} = \$5,506$$

Prorating COA - Practice

School defines academic year as:

✓900 clock hours & 30 weeks

Length of program:

✓980 clock hours & 34 weeks
✓COA = $7,600

Prorating COA - Practice

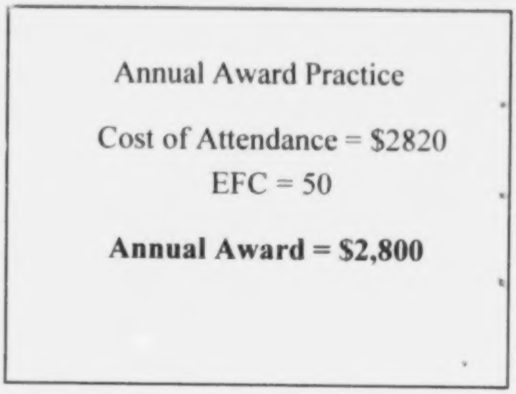
$$\frac{900}{980} \qquad \boxed{\frac{30}{34}}$$

$$\$7{,}600 \times \frac{30}{34} = \mathbf{\$6{,}706}$$

Step 2 - Helen

$$\frac{900}{800} \qquad \boxed{\frac{30}{27}}$$

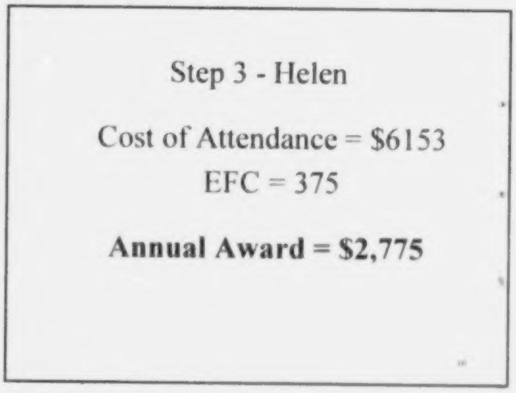
$$\$5{,}538 \times \frac{30}{27} = \mathbf{\$6{,}153}$$



Annual Award Practice

Cost of Attendance = $2820
EFC = 50

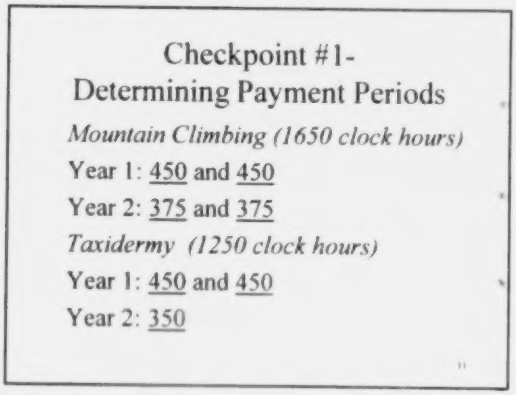
Annual Award = $2,800



Step 3 - Helen

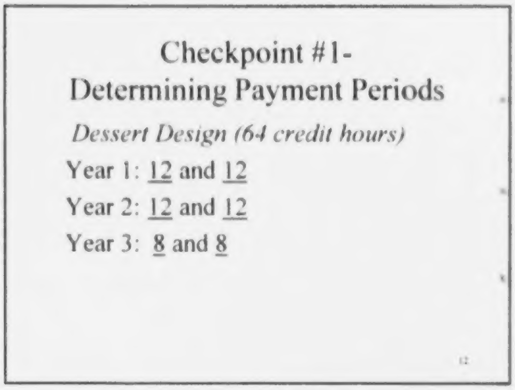
Cost of Attendance = $6153
EFC = 375

Annual Award = $2,775



Checkpoint #1-
Determining Payment Periods

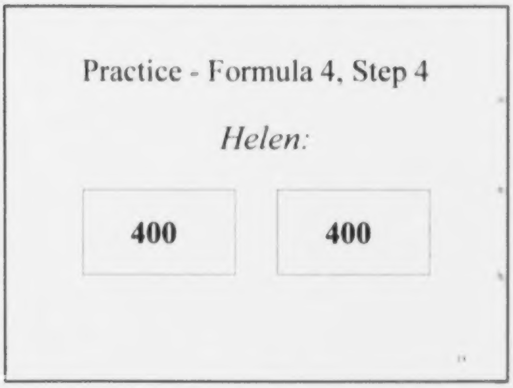
Mountain Climbing (1650 clock hours)
Year 1: 450 and 450
Year 2: 375 and 375
Taxidermy (1250 clock hours)
Year 1: 450 and 450
Year 2: 350



Checkpoint #1- Determining Payment Periods

Dessert Design (64 credit hours)

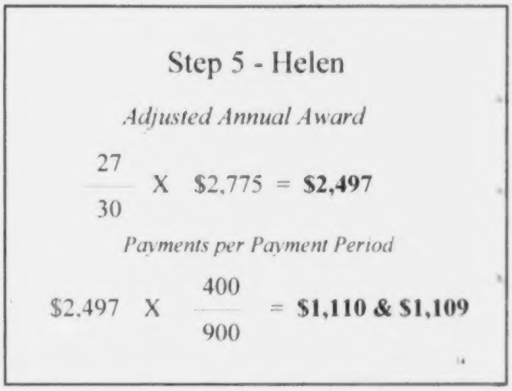
Year 1: 12 and 12
Year 2: 12 and 12
Year 3: 8 and 8



Practice - Formula 4, Step 4

Helen:

400 **400**



Step 5 - Helen

Adjusted Annual Award

$$\frac{27}{30} \times \$2{,}775 = \mathbf{\$2{,}497}$$

Payments per Payment Period

$$\$2{,}497 \times \frac{400}{900} = \mathbf{\$1{,}110\ \&\ \$1{,}109}$$

Case Study - Steps 1 and 2

Step 1: Enrollment Status

At least half time

Step 2: Cost of Attendance

$$\$9{,}807 \times \frac{900}{840} \text{ or } \frac{30}{28} = \mathbf{\$10{,}508}$$

Case Study - Steps 3 and 4

Step 3: Annual Award

$2,975

Step 4: Payment Periods

420 & 420

Case Study - Step 5

Adjusted Annual Award

$$\frac{28}{30} \times \$2{,}975 = \mathbf{\$2{,}777}$$

Payments per Payment Period

$$\$2{,}777 \times \frac{420}{900} = \mathbf{\$1{,}296 \ \& \ \$1{,}295}$$

Session 11

Campus-Based Programs

Campus-Based Programs

Federal Supplemental Educational Opportunity Grant (FSEOG)

Federal Work Study (FWS)

Federal Perkins Loan Program

Expenditures for ACA Purposes

- ✓ FSEOG disbursements
- ✓ FWS gross compensation (wages paid)
- ✓ Perkins loan advances

Claiming the ACA

✓FSEOG or FWS federal allocations

✓Cash on hand in Perkins fund

Remember, what you claim reduces the amount of funds available to students!

FSEOG Amounts

✓Up to $400 more per year for study abroad

✓Awards for less-than-full-time students may be less as well.

Checkpoint #1:
FSEOG Matching

1) Total FSEOG for year: $100,000

2) School's share: $25,000

FWS Employment Requirements

- ✓ Must pay minimum wage - $5.15/hr
- ✓ FWS workers must not displace regular workers
- ✓ Job can't involve constructing, operating, or maintaining building used for religious activities

FWS Payment Procedures

- ✓ Undergrads paid on hourly basis
- ✓ Grad/Professional students paid hourly or by salary
- ✓ FWS wages paid to students once per month
- ✓ Both the federal and nonfederal portions of pay can go directly to student or credited to school account with student permission

America Reads Challenge-
No Match Required

To pay students working as reading tutors for preschool or elementary children, school may use all federal funds!

Perkins Loans Eligibility

- ✓ For undergrad, grad, or professional student
- ✓ 5% interest rate
- ✓ Priority to students with exceptional need
  - May adopt same definition as FSEOG

Source of Perkins Funds

- ✓ FCC and ICC
- ✓ Borrower repayments
- ✓ Collection charges
- ✓ Funds from ED to cover loan cancellations
- ✓ Other income, like interest

Perkins Promissory Notes

- ✓ Open-ended
  - single note covering several years
- ✓ Close-ended
  - Covers one award year or term

Perkins Repayment

✓9-month grace period

✓Up to 10 years to repay

✓Deferment and cancellation provisions

Perkins Exit Interview

School must provide borrower with:
✓Copy of signed repayment schedule
✓Copy of signed promissory note
✓Statement of borrower rights & responsibilities

Perkins Collection: Due Diligence

✓Make contact with borrower
✓Follow billing procedures
✓Search for student addresses
✓Put in place collection and litigation procedures for delinquent accounts

Checkpoint #4: Transferring Funds

1)	Remaining Perkins:	$150,000
2)	Remaining FWS:	$ 75,000
3)	New FSEOG:	$125,000
4)	Transfer FSEOG:	$ 0

Session 12

Loans, Loans, Loans

Direct Loans and FFELs— Loan Types

- ✓ Subsidized Stafford
- ✓ Unsubsidized Stafford
- ✓ PLUS
- ✓ Consolidation

Base Loan Amounts

- ✓ Made up of both subsidized and unsubsidized loans
- ✓ Initial loan limit for student borrowers

Additional Loan Amount

✓ Unsubsidized loans only

✓ For all independent students and dependent students whose parents are unable to borrow a PLUS Loan

Subsidized Base Amount

COA
- EFC
- EFA
= Eligibility for subsidized base

Unsubsidized Base Amount

COA
- EFA (including subsidized base)
= Eligibility for unsubsidized base

Tonya's Subsidized Base Amount

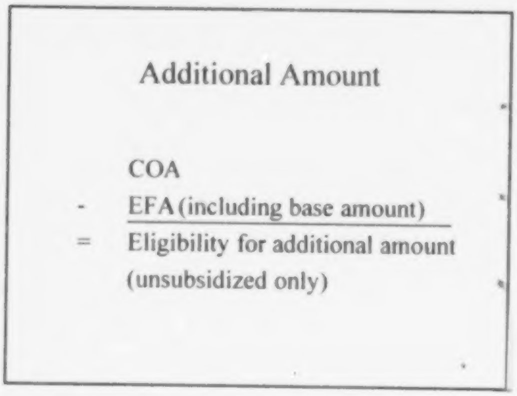
$5,530 (COA)
- 1,750 (EFC)
- $1,250 (EFA)
= **$2,530 (subsidized loan)**

Tonya's Initial Unsubsidized Base Amount

$5,530 (COA)
- $3,780 (EFA)
= **$1,750 (initial unsubsidized amount)**

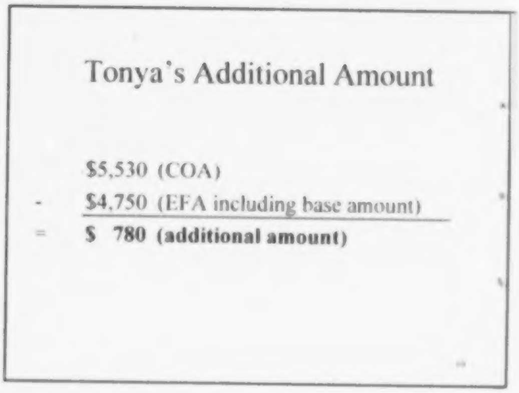
Tonya's Actual Unsubsidized Base Amount

$3,500 (base loan limit)
- $2,530 (sub. amount)
= **$ 970 (actual unsubsidized amount)**



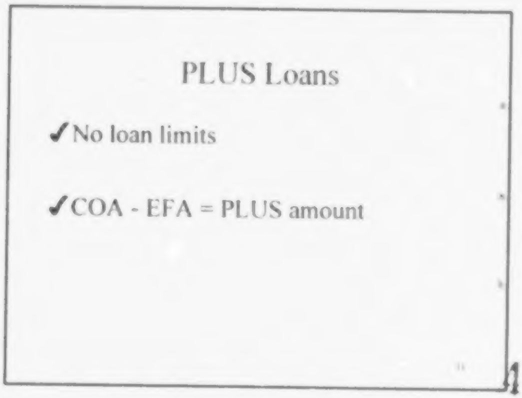
Additional Amount

COA
- EFA (including base amount)
= Eligibility for additional amount (unsubsidized only)



Tonya's Additional Amount

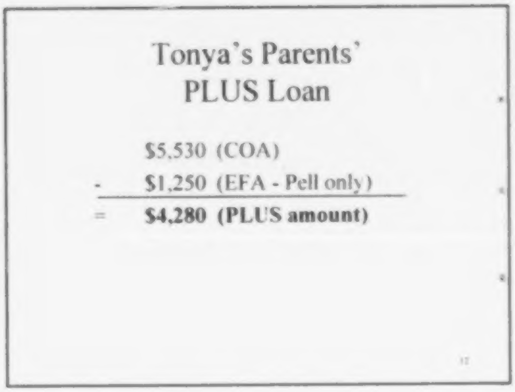
$5,530 (COA)
- $4,750 (EFA including base amount)
= **$ 780 (additional amount)**



PLUS Loans

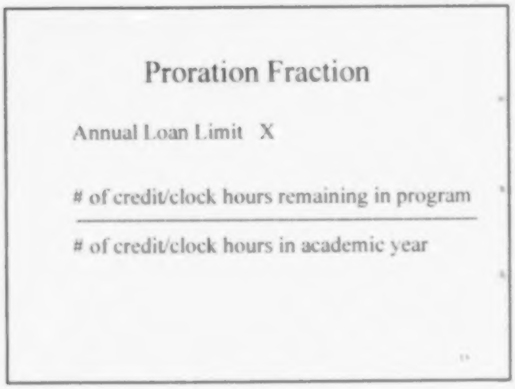
✓No loan limits

✓COA - EFA = PLUS amount



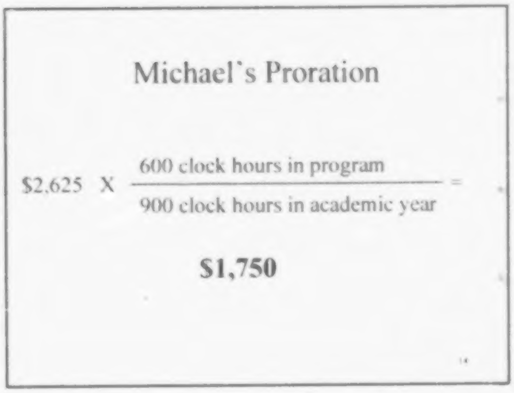
Tonya's Parents' PLUS Loan

$5,530 (COA)
- $1,250 (EFA - Pell only)
= **$4,280 (PLUS amount)**



Proration Fraction

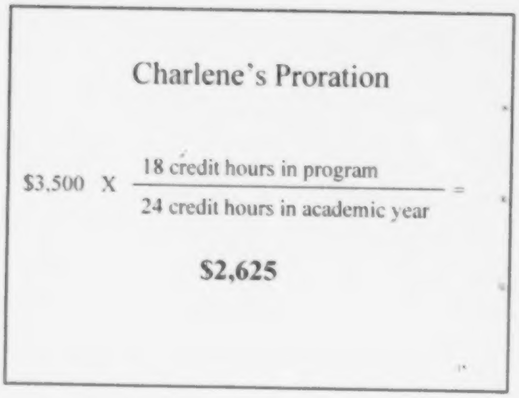
$$\text{Annual Loan Limit} \times \frac{\text{\# of credit/clock hours remaining in program}}{\text{\# of credit/clock hours in academic year}}$$



Michael's Proration

$$\$2{,}625 \times \frac{\text{600 clock hours in program}}{\text{900 clock hours in academic year}} =$$

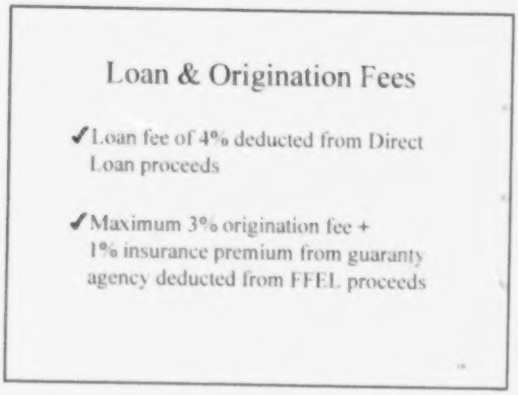
$1,750



Charlene's Proration

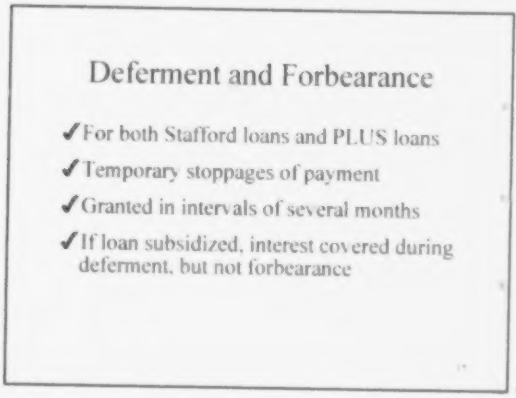
$\$3{,}500 \times \frac{\text{18 credit hours in program}}{\text{24 credit hours in academic year}} =$

$2,625



Loan & Origination Fees

- ✓ Loan fee of 4% deducted from Direct Loan proceeds
- ✓ Maximum 3% origination fee + 1% insurance premium from guaranty agency deducted from FFEL proceeds



Deferment and Forbearance

- ✓ For both Stafford loans and PLUS loans
- ✓ Temporary stoppages of payment
- ✓ Granted in intervals of several months
- ✓ If loan subsidized, interest covered during deferment, but not forbearance

Entrance Counseling Additional Topics

✓Discuss all sources of aid, limits

✓Urge students to read & save documents

✓Review satisfactory progress policy

Entrance Counseling Additional Topics (cont'd)

✓Advise students to borrow as little as possible

✓Review school's refund policy

✓Review borrower rights and responsibilities

Updates

School must report updates in school's student records to NSLDS within 60 days of the exit interview.

Repayment Options-- Direct Loans

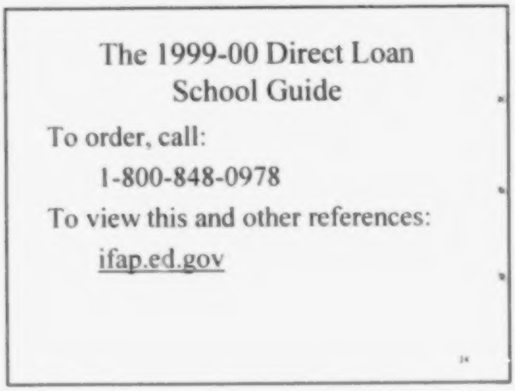
- ✓ Standard repayment
- ✓ Extended repayment
- ✓ Graduated repayment
- ✓ Income-contingent repayment

Repayment Options—FFEL

- ✓ Standard repayment
- ✓ Extended repayment
- ✓ Graduated repayment
- ✓ Income-sensitive repayment

Direct Loan Participation

- ✓ School may participate under:
  - Standard Origination
  - Option 1
  - Option 2



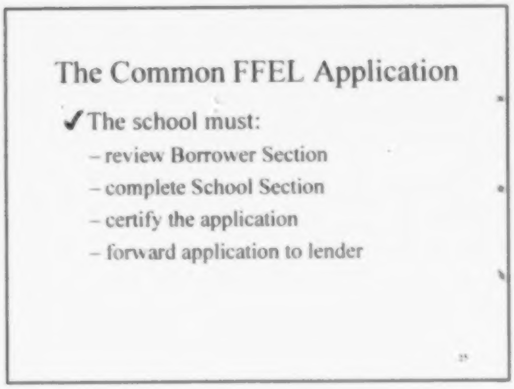
The 1999-00 Direct Loan School Guide

To order, call:

1-800-848-0978

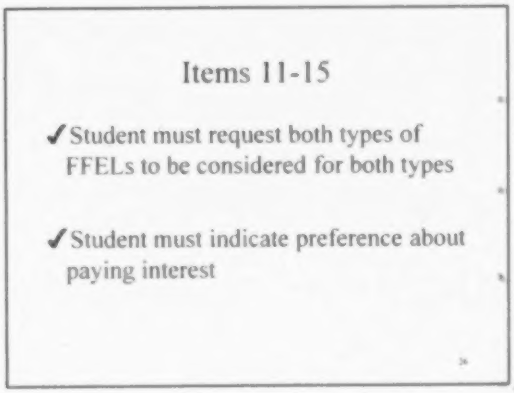
To view this and other references:

ifap.ed.gov



The Common FFEL Application

✓ The school must:
  - review Borrower Section
  - complete School Section
  - certify the application
  - forward application to lender



Items 11-15

✓ Student must request both types of FFELs to be considered for both types

✓ Student must indicate preference about paying interest

School Control of FFEL Program Loan Certification

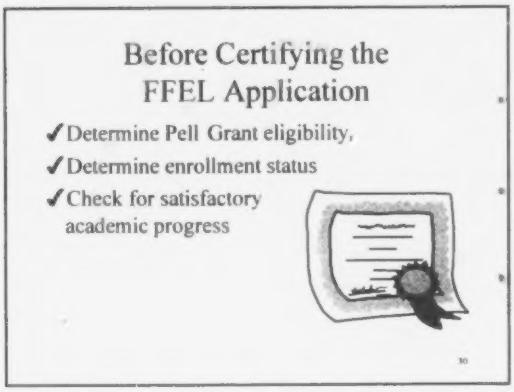
- ✓ School has the authority to refuse to certify an FFEL application, or to certify it for a lesser amount
- ✓ Reason for refusal must be documented and provided in writing to the student

Loan Period

A loan can be certified for a student after the start of a loan period and retroactively cover the entire loan period.

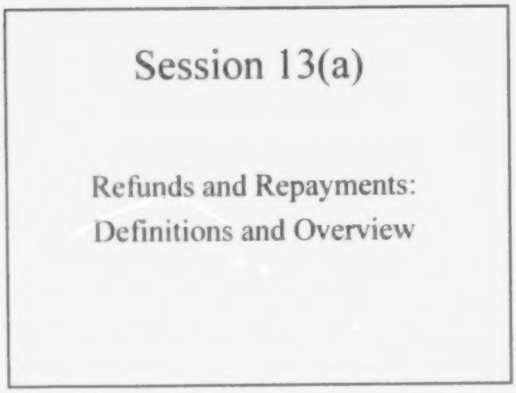
Item 27—Certified Loan Amounts

- ✓ You must enter an amount for both subsidized and unsubsidized
- ✓ Enter "$0" if student is not eligible for, or not interested in, one of the loan types
- ✓ DO NOT LEAVE EITHER **27(a)** OR **27(b)** BLANK!



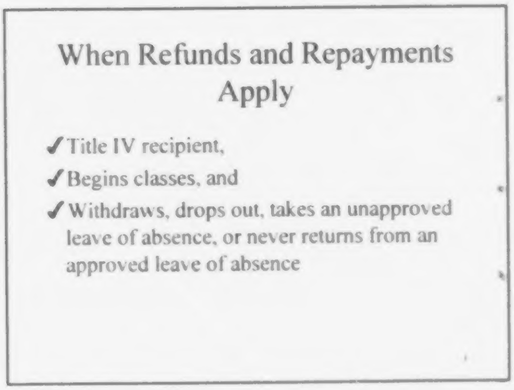
Before Certifying the FFEL Application

- ✓ Determine Pell Grant eligibility,
- ✓ Determine enrollment status
- ✓ Check for satisfactory academic progress



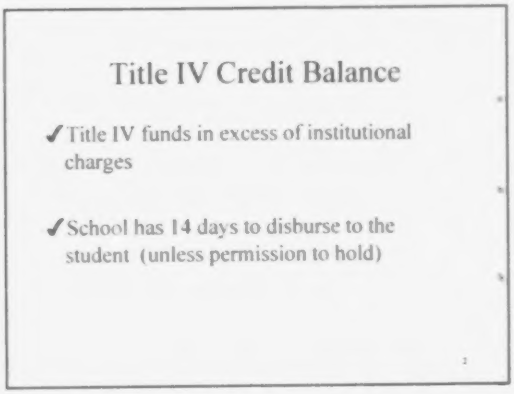
Session 13(a)

Refunds and Repayments: Definitions and Overview



When Refunds and Repayments Apply

- ✓ Title IV recipient,
- ✓ Begins classes, and
- ✓ Withdraws, drops out, takes an unapproved leave of absence, or never returns from an approved leave of absence



Title IV Credit Balance

- ✓ Title IV funds in excess of institutional charges
- ✓ School has 14 days to disburse to the student (unless permission to hold)

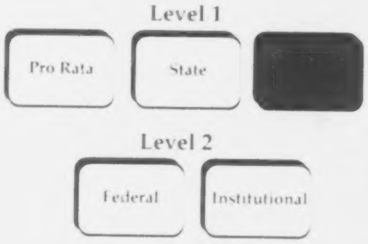
Late Disbursements

- ✓ Determine if student incurred *institutional* charges while enrolled that were never satisfied
  - – credit account
- ✓ Determine if student incurred *noninstitutional* charges while enrolled that were never satisfied
  - – disburse to student

Withdrawal Date

- ✓ Date the student provides
- ✓ If conflicting information or student does not provide a date, check attendance, lessons submitted, tests, or other documentation of attendance

Levels of Refunds



Level 1

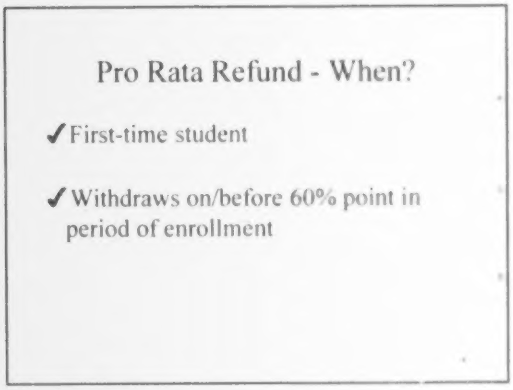
Pro Rata

State

Level 2

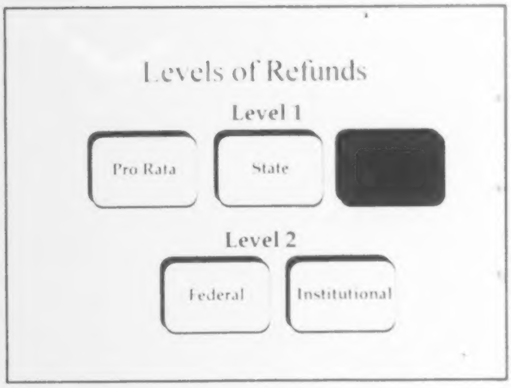
Federal

Institutional



Pro Rata Refund - When?

- ✓ First-time student
- ✓ Withdraws on/before 60% point in period of enrollment



Levels of Refunds

Level 1

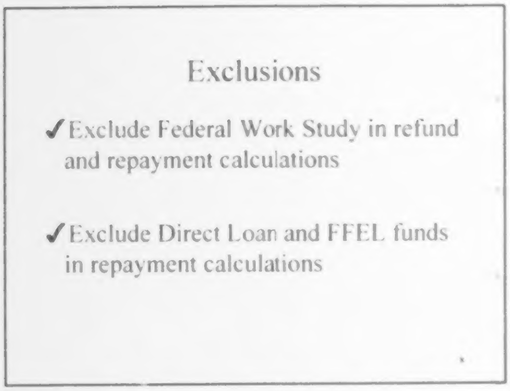
Pro Rata

State

Level 2

Federal

Institutional



Exclusions

- ✓ Exclude Federal Work Study in refund and repayment calculations
- ✓ Exclude Direct Loan and FFEL funds in repayment calculations

Repayments

School must:

- ✓ notify and bill the student
- ✓ collect the repayment

Until resolved:

- ✓ student ineligible for more Title IV
- ✓ school must report to NSLDS and on FATs as overpayment

Session 13(b)

Calculating Refunds
and Repayments

Doug's Total Costs

(A) Institutional - $8,500

(B) Noninstitutional - $200

Payments/Disbursements for Institutional Costs

✓$1,150	-	Pell
✓$2,750	-	Scholarship
✓$1,250	-	State grant
✓$1,115	-	Perkins
✓$1,260	-	Subsidized FFEL
✓$ 500	-	The student

Unpaid Charges

- ✓ Costs that neither the student nor financial aid covered at time of withdrawal
- ✓ Calculate same way for every refund type
- ✓ Treat differently in certain refund types

Doug's Unpaid Charges

$8,500 Total Inst. Costs (A)

- $8,025 Total Paid to IC (D)

= $ 475 Unpaid Charges

Pro Rata Refund Amount

$8.450 *Pro Rata* IC (A1)
x 60% Portion that Remains
= **$5,070** **Initial Refund Amount**

$5.070 Initial Refund Amount
- $ 475 Unpaid Charges
= **$4,595** **Actual *Pro Rata* Refund**

State Refund Amount School Can Keep

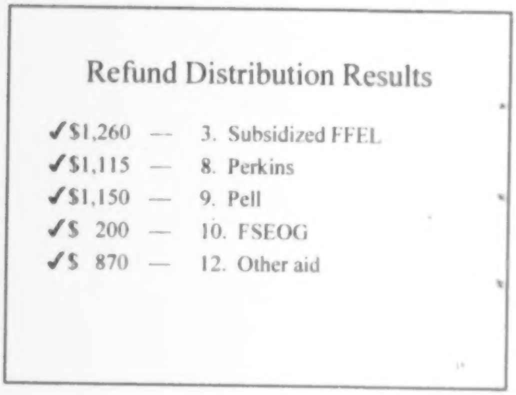
	$8,500	Total Inst. Costs (A)
x	75%	% School May Retain
=	$6,375	Initial Amount School Retains
-	$ 475	Unpaid Charges
=	**$5,900**	**Amount School Retains**

State Refund Amount

	$8,025	Total Paid to IC (D)
-	$5,900	School Retains
=	**$2,125**	**State Refund**

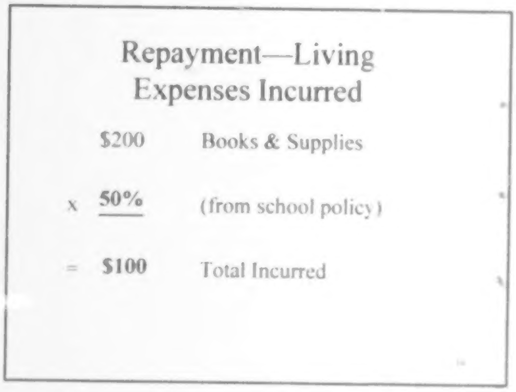
Distribution—Important Rules

- ✓ Always follow required order
- ✓ Give as much back to each program as possible
- ✓ Never exceed disbursement from program
- ✓ Never return funds to program that wasn't a source of aid



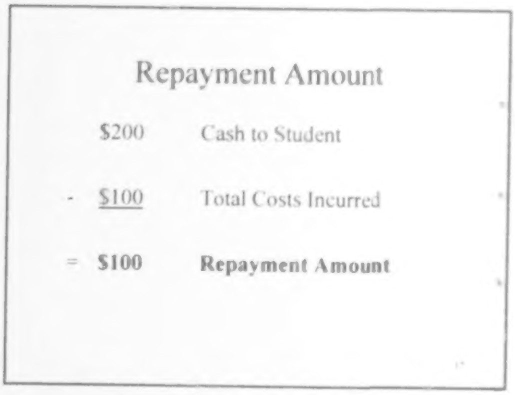
Refund Distribution Results

✓$1,260 — 3. Subsidized FFEL
✓$1,115 — 8. Perkins
✓$1,150 — 9. Pell
✓$ 200 — 10. FSEOG
✓$ 870 — 12. Other aid



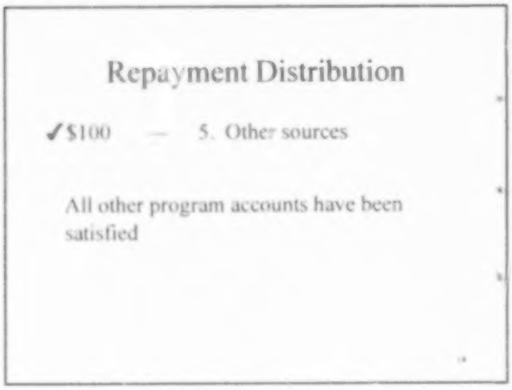
Repayment—Living Expenses Incurred

	$200	Books & Supplies
x	50%	(from school policy)
=	**$100**	Total Incurred



Repayment Amount

	$200	Cash to Student
-	$100	Total Costs Incurred
=	**$100**	**Repayment Amount**



Repayment Distribution

✓$100 — 5. Other sources

All other program accounts have been satisfied

Session 14

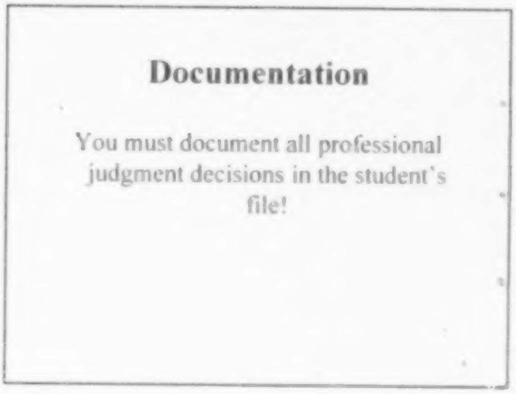
Professional Judgment

Unusual Circumstances

- ✓ Elementary/secondary tuition
- ✓ Medical/dental bills
- ✓ Unemployment
- ✓ Changes in income
- ✓ Changes in assets

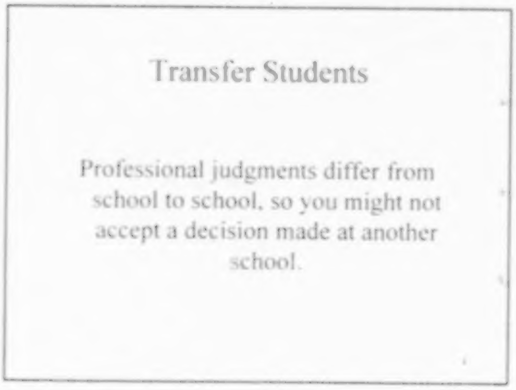
Case-By-Case Basis

- ✓ Not across-the-board changes
- ✓ Students will come to you
- ✓ Other situations may be indicators of potential professional judgment circumstances



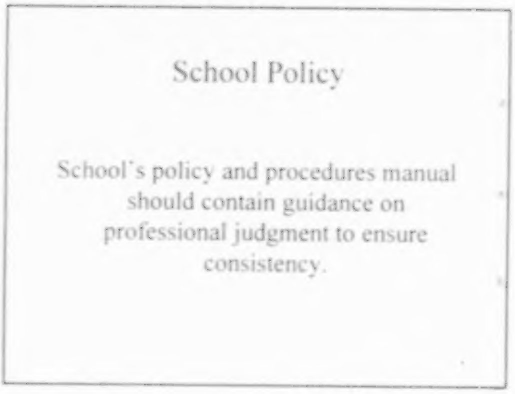
Documentation

You must document all professional judgment decisions in the student's file!



Transfer Students

Professional judgments differ from school to school, so you might not accept a decision made at another school.



School Policy

School's policy and procedures manual should contain guidance on professional judgment to ensure consistency.

Batches

- ✓ Packages of similar data
- ✓ Created using EDExpress or similar software

EDconnect

The vehicle in which batches ride to travel on the TIV WAN highway.

Title IV
Batches

3270 Emulator
(formerly Net*Connect)

- ✓ Ride the highway yourself

- ✓ Access ED databases, like NSLDS, on-line
- ✓ Visit the TIV WAN post office to check billing, traffic, your mailbox

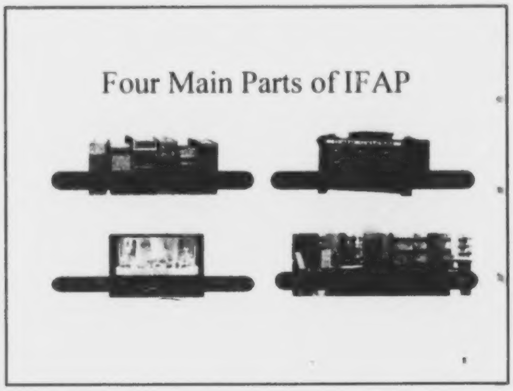
Internet and Title IV

Schools now must use the Internet to:

- ✓ Obtain publications like *Dear Colleague letters* and handbooks
- ✓ File the Application to Participate
- ✓ Request Title IV funds

Info for Financial Aid Professionals Web Site

- ✓ Schools must access resource documents from web site [http://ifap.ed.gov]
- ✓ ED **no longer** sends paper copies of DCLs, announcements, the *Federal Register*, and other ED documents to schools



Four Main Parts of IFAP

Case Study - Larry

Step 1: Half time for all 3 quarters
Step 2: COA - $3,115
Step 3: Annual Award = $1,482/quarter
Step 4: Three payment periods
Step 5: $494/quarter

Prorating COA

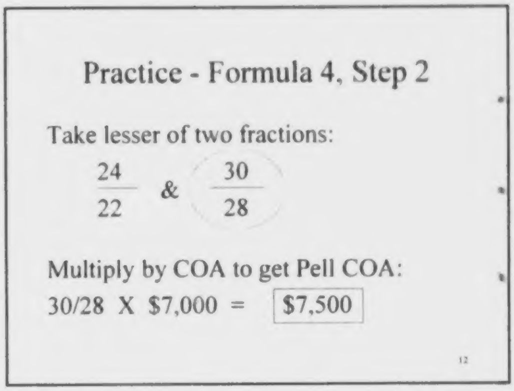
If program longer than or shorter than statutory academic year, prorate up or down to reflect 1 academic year.

COA Proration - Example

Take lesser of two fractions:

24 hours in academic year definition
22 hours for which costs apply

30 weeks in academic year definition
28 weeks for which costs apply



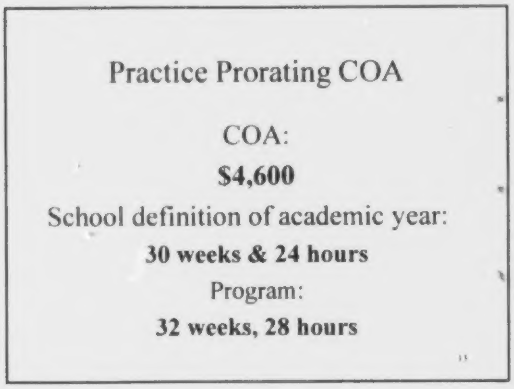
Practice - Formula 4, Step 2

Take lesser of two fractions:

$\frac{24}{22}$ & $\frac{30}{28}$

Multiply by COA to get Pell COA:

30/28 X $7,000 = $\boxed{\$7,500}$



Practice Prorating COA

COA:

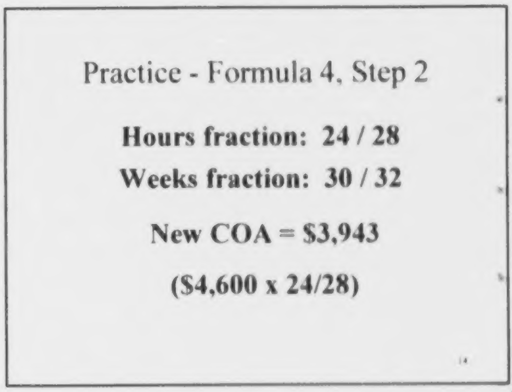
$4,600

School definition of academic year:

30 weeks & 24 hours

Program:

32 weeks, 28 hours



Practice - Formula 4, Step 2

Hours fraction: 24 / 28

Weeks fraction: 30 / 32

New COA = $3,943

($4,600 x 24/28)

Payments/Disbursements for Noninstitutional Costs

$200 from FSEOG paid in cash to the student

Total Payments/ Disbursements

(C) Total Aid Paid to Inst. Costs—$7,525
(D) Total Paid to Inst. Costs—$8,025
(E) Total Aid Paid as Cash—$200

Data for Pro Rata & Federal

- ✓ Determine if *pro rata* calculation needed
- ✓ Determine *pro rata* fraction
- ✓ Determine excludable costs

Doug's Portion that Remains

9 weeks remaining
15 weeks in period for
which student was charged

or

60%

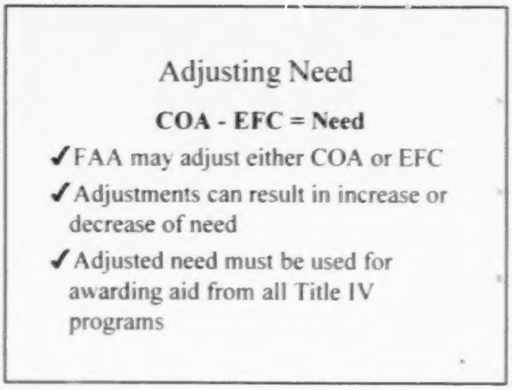
Excludable Costs

- ✓ Administrative fee of up to $100 or 5% of institutional costs, whatever is less
- ✓ Documented cost of unreturnable equipment
- ✓ Documented cost of returnable equipment not returned in good condition within 20 days

Doug's Excludable Costs

$50 administrative fee

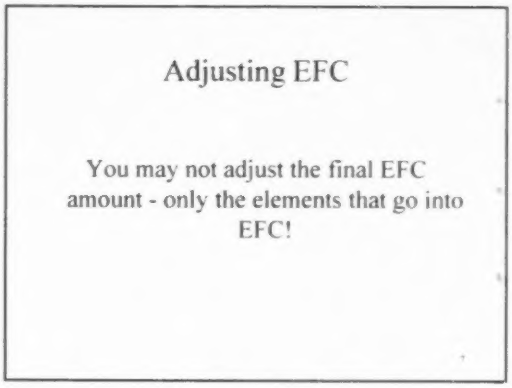
$8,450 - new total institutional costs



Adjusting Need

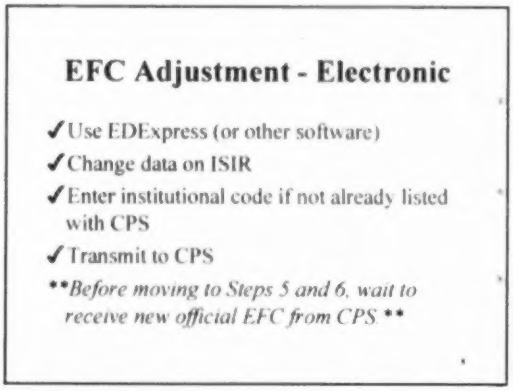
COA - EFC = Need

- ✓ FAA may adjust either COA or EFC
- ✓ Adjustments can result in increase or decrease of need
- ✓ Adjusted need must be used for awarding aid from all Title IV programs



Adjusting EFC

You may not adjust the final EFC amount - only the elements that go into EFC!



EFC Adjustment - Electronic

- ✓ Use EDExpress (or other software)
- ✓ Change data on ISIR
- ✓ Enter institutional code if not already listed with CPS
- ✓ Transmit to CPS

Before moving to Steps 5 and 6, wait to receive new official EFC from CPS.